

Fiscal Analysis of Urban Services in River Road and Santa Clara

Prepared for

The City of Eugene

by

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Summary

BACKGROUND

Decades of small annexations in the River Road/Santa Clara area have created a patchwork of incorporated and unincorporated parcels. That pattern has sometimes made the delivery of some urban services less efficient, and the burden of paying for them unequally distributed. Residents and service providers in the area and in other parts of Eugene have different perceptions about the costs, benefits, and fairness of service delivery and charges.

PURPOSE

The purpose of this report is to provide facts about service provision in the River Road and Santa Clara area. It attempts to provide information to answer questions like:

- What level of service (amount, reliability, quality) do different agencies provide?
- What does it cost to provide those services?
- What do people pay for those services?

In the absence of an independent analysis of urban services—of the costs and benefits to the City and residents, and the implications of annexation for special districts—both proponents and opponents of annexation can make claims about the impacts of annexation that are difficult to evaluate. The purpose of this study is to try to provide an objective analysis and set of facts that all participants in the debate can accept, at least approximately. The purpose is *not* to recommend, or even address, potential policy solutions to the problems that this report identifies.

EVALUATION METHODS

The methods of evaluation are designed to meet the objective of providing a consistent comparison of services, costs, and benefits to the City of Eugene and residents. This report describes urban services in River Road and Santa Clara: the level of service, and the costs and revenues to provide those services. It looks at central services, fire and emergency medical services, library, parks, recreation and cultural services, planning and development, police, stormwater, transportation, wastewater, and water. To make what is a complicated analysis more useful to all parties in the discussion about services and annexation issues in River Road and Santa Clara, the costs for each service are converted to an average annual cost (estimated as if it were a property tax) for a typical home. Since many of these services are paid for from sources other than property tax, it requires many assumptions and adjustments to try to make them comparable. The analysis in this report does its best, but there is no perfect way to compare all of the costs and revenues.

Stated that way, the task sounds simple. But everyone who has been involved with the River Road/Santa Clara urbanization process—staff of the City and various service providers, elected representatives, members of citizen advisory groups, and residents—knows the issues are far from simple. This summary tries to simplify the explanation of the analysis by *focusing on differences*: differences between River Road and Santa Clara, between annexed areas (now in the City) and unannexed areas (now outside of the City), and between those areas and the rest of the City.

In addition to very different perceptions of the fairness of taxes and level of urban services, eventual annexation raises the question of what will happen to the various special districts that serve the areas, such as the River Road Park and Recreation District. Answers to these questions depend on perspective. Our solution to this issue is to try, within the limits of the scope of this report, to describe results from these different points of view.

ORGANIZATION OF THIS SUMMARY

The main report that is the basis for this summary is long, dry (because the requirement of the contract for this study was to sort through a lot of technical material), and organized by type of service. This summary, in contrast, is written to be accessible to a general audience. It reduces the technical detail, focuses on key issues, and reorganizes the presentation to emphasize what happens to residents in general (inside and outside the City) instead of emphasizing the individual services.¹ The rest of this summary is organized in four main sections:

- **Service Characteristics** describes the services, service providers, and levels and prices for the services in annexed and unannexed areas of River Road and Santa Clara.
- **Differences in Service Quality and Price** describes areas of significant variation in service quality and price for annexed and unannexed areas of River Road and Santa Clara. It is the differences that matter. Where there are services for which residents in the River Road and Santa Clara areas, whether inside or outside the City of Eugene receive about the same level of service at about the same price, there is not much controversy. The controversy is about different levels of service and price for different areas.
- **Long-Run Considerations** describes a scenario of full annexation of River Road and Santa Clara.
- **Conclusions** provides a summary of the analysis.

¹ Go to the report and its appendices for the details of service level, costs, and revenues by type of service.

SERVICE CHARACTERISTICS

OVERVIEW

Adjacent properties in the River Road or Santa Clara areas can have different service providers (and, thus, different levels of service and price) depending on whether they have been annexed to the City or remain unannexed. In many cases, there are no significant differences in service provider, level of service, or price. Table 1 summarizes who provides services in the different areas.

Table 1. Service providers in River Road and Santa Clara, by service type

	Annexed		Unannexed	
	River Road	Santa Clara	River Road	Santa Clara
Fire and EMS	Eugene	Eugene	Eugene	LRF/R Santa Clara RFPD
Library	Eugene	Eugene	No service district	No service district
Parks, Recreation and Cultural Services	Eugene RRPRD	Eugene	RRPRD	No service district
Planning and Development	Eugene	Eugene	Eugene	Eugene
Police	Eugene	Eugene	Lane County	Lane County
Stormwater	Eugene	Eugene	Lane County	Lane County
Transportation	Eugene Lane County	Eugene Lane County	Eugene Lane County	Eugene Lane County
Wastewater	MWMC and Eugene	MWMC and Eugene	MWMC and Eugene	MWMC and Eugene
Water	EWEB	EWEB	EWEB	EWEB

Source: Compiled by ECONorthwest.

Table 1 shows that residents of annexed and unannexed areas of River Road and Santa Clara are receiving services from:

- The same service provider for planning, wastewater, and water services.
- Different service providers for fire and EMS, parks, recreation, and cultural services, police, stormwater, and for transportation services.

Table 1 also shows that unannexed areas of River Road and Santa Clara are not in a service district for library services and unannexed areas of Santa Clara do not have a service district for parks, recreation and cultural services.

Noted later is the fact that the differences in transportation are primarily about bookkeeping: the level of service and price is similar for River Road and Santa Clara.

Thus, except for parks, the annexed areas of River Road and Santa Clara are receiving the same services. There is more difference in the unannexed areas of River Road and Santa Clara, when compared to each other and when compared to annexed areas.

ANNEXED AREAS OF RIVER ROAD AND SANTA CLARA

Annexed residents of River Road and Santa Clara receive a level of service for all urban services comparable to the rest of the City of Eugene, with the possible exception of parks, recreation, and cultural services, especially for the Santa Clara area. These residents pay for services through property taxes and user fees. Except where noted in the points that follow, this study could not find strong evidence that there is a significant difference in quality and price of urban services between annexed areas of River Road/Santa Clara and other areas in the City of Eugene.

- **Fire and EMS.** The City provides the service, and response times are within Citywide averages. All properties served by the Eugene Fire & EMS Department have an ISO 2 rating. A new fire station in Santa Clara is under construction. Residents pay for the service through their property taxes and fees.
- **Library.** Residents have full access to the City's downtown and branch libraries. Residents pay for the service through their property taxes. The fact that the area does not have a branch library is not evidence that the area is treated unfairly relative to other areas in Eugene, few of which have a branch library. With branch libraries at Bethel and Sheldon, the area is arguably better served than most parts of Eugene.
- **Parks, Recreation and Cultural Services.** The River Road/Santa Clara area has fewer acres of parks than the citywide average. The City is developing parks in the Santa Clara area to help remedy the problem. Anyone can access the City of Eugene cultural services offered at the Hult Center and the Cuthbert Amphitheater for the same fees, regardless of whether they reside in the City or not. Any resident in the River Road area pays lower fees to participate in programs at Emerald Park than residents living outside of the River Road Park and Recreation District (RRPRD). Typically, RRPRD recreation fees are lower than City of Eugene fees. Residents pay for the service through their property taxes and fees for recreation and cultural services. Although annexed residents in River Road do not pay property taxes to RRPRD, the City provides \$100,000 each year to the District to support this service. This is the equivalent of \$1.01 per \$1,000 in assessed value for properties in annexed portions of River Road. The City's payment to RRPRD does not cover the full cost of providing recreational services to annexed residents in River Road.
- **Planning and Development.** The City provides all planning services through its Planning and Community Development Department. Residents of the River Road and Santa Clara areas pay for the service through permit fees and property taxes.

- **Police.** The City of Eugene's Police Department provides service to annexed residents. Police officers in Eugene respond to calls, and thus the police presence in a neighborhood is determined by the number of calls in a neighborhood. There is a crime prevention specialist in schools in the River Road/Santa Clara area. Only the highest crime areas have a public safety station so this is not a dissimilar level of service for these residents. Residents pay for the service through their property taxes.
- **Stormwater.** The City provides stormwater infrastructure for annexed properties in River Road and Santa Clara. River Road has many streets and roads without curbs and gutters, and stormwater drainage is gathered in grassy roadside ditches. In Santa Clara, newer subdivisions contain curb and gutter stormwater collection systems, which then typically drain into the open waterway system. The City of Eugene addresses stormwater problems on the basis of a stormwater basin plan. At this time, there is no Basin Master Plan for the River Road/Santa Clara area, but it is under development. In the absence of the Basin Master Plan, it is not possible to determine future stormwater management plans in the area. Special assessments and system development charges pay for new connections to the City's stormwater system. Annexed residents pay for the service through user fees, based on the amount of impervious surface on their property.
- **Transportation.** The City and the County have divided up the River Road/Santa Clara area such that generally, the County provides day-to-day maintenance for all streets north of the Beltline and west of River Road and the City maintains those streets south of the Beltline and east of River Road (including River Road itself). The County and City maintain all annexed roads according to the City's standards and the service is comparable to the service received by other parts of the City. The City's service is primarily paid for with funds the City receives from the state and a limited amount of property taxes. The County's service is paid for with the Road Fund. The County and City differ regarding repaving policies. The City doesn't repave unimproved streets. Instead the City only makes repairs to unimproved streets for public safety reasons. The County will overlay pavement on streets in unincorporated areas that the City would consider to be unimproved. The County therefore provides more maintenance to its unimproved streets than the City offers.
- **Wastewater.** Annexed residents are connected to the City's wastewater (sewer) system. The City of Eugene collects and treats wastewater from the entire area.² Residents pay for the service through user fees.
- **Water.** Annexed residents receive water service from EWEB. River Road and Santa Clara water spends less time in pipes, so the delivered water is of a marginally higher quality than in much of the rest of the City. Water pressure

² MWMC contracts with the City of Eugene to operate the treatment plant, pump plants, and biosolid facility.

in both areas is very good, better than in much of the City, because the area has a low elevation. Residents pay for the service through user fees.

Properties in the City of Eugene, including those in the annexed areas of River Road and Santa Clara, pay taxes for some urban services to the City of Eugene. Table 2 summarizes the calculated operating costs for services, and an estimation of how property taxes support that service. Table 2 also includes tax rates and estimated property tax amounts for operating levies and debt service for the City of Eugene.

Table 2. Calculated operating costs and property tax contribution to urban services provided by the City of Eugene, FY03-04.

	Cost¹	Calculated Property Tax Contribution²	Estimated Property Taxes for a \$115,000 house (assessed value) FY03-04
OPERATING			
Central Services	\$1,900,000	\$0.18	\$21
Fire and EMS	\$18,700,000	\$1.74	\$200
Library	\$4,400,000	\$0.41	\$47
Parks, Recreation and Cultural Services	\$11,100,000	\$1.03	\$118
Planning	\$4,800,000	\$0.45	\$52
Police	\$32,100,000	\$2.98	\$343
Transportation	\$700,000	\$0.06	\$7
Subtotal Operating	\$73,700,000	\$6.85	\$788
OTHER			
Debt service for public safety	\$2,300,000	\$0.24	\$28
Debt service for parks and open space	\$1,600,000	\$0.17	\$20
Debt service for refunding bonds	\$100,000	\$0.01	\$1
Library Local Option Levy	\$3,900,000	\$0.55	\$63
Stormwater	\$8,000,000	\$0.00	\$0
Wastewater	\$13,700,000	\$0.00	\$0
Youth & School			
Services Levy ³	\$7,200,000	\$0.86	\$99
Subtotal Other	\$36,800,000	\$1.83	\$210
Total	\$110,500,000	\$8.68	\$999

¹ Operating costs for services are calculated from the General Fund operating budget and include central administrative costs and fleet acquisition costs when appropriate

² The property tax contribution is calculated as the portion of the permanent property tax rate of \$7.0058 attributable to the operating costs for each service.

³ The City of Eugene collects the Youth & School Services Levy with estimated revenue of \$7.2 million for FY03-04. However, the City passes on 93% of the revenue, or an estimated \$6.7 million, to the Bethel and 4J School Districts.

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2004.

The “calculated” property tax allocations³ total \$8.68 (per \$1,000 of assessed value) for the operating costs of urban services and debt service in Eugene. The City of Eugene tax levy is \$8.84, composed of the \$7.01 permanent rate, the \$0.55 Library Local Option Levy, the \$0.86 Youth & School Services Levy, and the \$0.42 Debt Service Levy. The difference between the calculated amount of \$8.68 and the actual amount of \$8.84 is about 2%, which gives some assurance that the calculated rates are accounting for all the costs.

A resident of Eugene with a property with assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara) pays an estimated \$999 in property taxes to the City of Eugene. Of those property taxes, an estimated \$343 goes to police services, which accounts for the largest portion of property tax. For a house with assessed value of \$115,000, an estimated \$110 in property taxes (\$47 under the permanent rate and \$63 under the Local Option Levy) would go toward library services.

UNANNEXED AREAS OF RIVER ROAD AND SANTA CLARA

While the *annexed* areas of River Road and Santa Clara had few differences between one another in the amount, quality, or price of services, the same is *not* true for the *unannexed* area of River Road when compared to the *unannexed* area of Santa Clara. Residents of unannexed areas of River Road pay for fire, water, and parks and recreational services through special districts that cover the River Road area only. Residents of unannexed areas of Santa Clara pay for fire through special districts.

- **Fire and EMS.** The City provides fire and EMS to River Road, and response rates are within Citywide averages. All properties served by the Eugene Fire & EMS Department have an ISO 2 rating.⁴ The City of Eugene expends an estimated \$2.54 per \$1,000 in assessed value for fire and EMS, including \$2.30 per \$1,000 in assessed value for operating costs, which is \$0.56 more than the estimated \$1.74 per \$1,000 in assessed value that residents of Eugene pay for the services. Residents of Eugene pay an additional \$0.24 per \$1,000 in assessed value in property taxes for debt service, for total property taxes of \$1.98 per \$1,000 in assessed value. Property taxes do not cover the full cost of fire and EMS in Eugene.

Residents of River Road pay for the service through the River Road Water District (RRWD). The RRWD collects \$1.97 per \$1,000 in assessed value for properties within its service district. The RRWD pays the City \$2.28 per \$1,000 in assessed value for fire and EMS within its service district. To cover the difference between the tax rate and the charges for service, the RRWD charges water customers \$5.00 per month in addition to usage rates for water

³ “Calculated” means that these numbers cannot be found on the tax bill or City budget. Rather, they are calculated from budgeted amounts to try to accurately and comparably account for full operation and the allocation of Central Service costs. See report for details.

⁴ The Insurance Services Office (ISO), a private property and liability risk company, rates local fire service agencies for use in helping insurers to set fire insurance premiums for local property owners. Class 1 is the highest fire protection rating. A Class 10 rating is for areas with no fire protection.

through EWEB bills. The RRWD then uses a portion of the \$5.00 per month charge and water rates to subsidize the cost of fire and EMS from the City and cover its administrative costs. Residents of River Road are paying more in property taxes for fire and EMS than residents of Eugene. Even so, RRWD and its residents pay less than the actual cost for providing fire and EMS services, and its supporting capital infrastructure.

In unannexed areas of Santa Clara, fire and EMS are delivered by two rural fire districts. The Santa Clara Rural Fire Protection District (Santa Clara RFPD) serves the eastern portion of Santa Clara, and the Lane Rural Fire/Rescue (LRF/R) serves the western portion. The Santa Clara RFPD is a volunteer fire district with an ISO 4 rating. LRF/R has volunteer and paid personnel, and has an ISO 4 rating. Because no service provider was able to provide response time data, the ISO rating is the only quantifiable data for comparing the level of service of the three fire and EMS providers. Residents pay for the service through property taxes. Residents of LRF/R pay \$2.12 per \$1,000 in assessed value. Residents of Santa Clara RFPD pay \$1.04 per \$1,000 in assessed value.

- **Library.** Residents of the unannexed areas of River Road and Santa Clara have full access to the City's downtown and branch libraries and may use the library (the building and all its materials) for no fee, but to check out materials they must pay for a library card. A library card costs \$80, which is less than the average household in Eugene pays in property taxes for the same library services.
- **Parks, Recreation and Cultural Services.** Residents in the unannexed areas of River Road and Santa Clara can use Eugene public parks at no charge. Residents in unannexed River Road are part of the River Road Park and Recreation District (RRPRD), and they pay property taxes totaling \$3.48 per \$1,000 in assessed value to support that district.⁵ Any resident in the River Road area pays lower fees to participate in programs at Emerald Park than residents living outside of the RRPRD. Typically, RRPRD recreation fees are lower than City of Eugene fees. Residents of unannexed areas of Santa Clara do not have a service district for parks or recreation. They pay for recreation and cultural services, if they use them, through user fees to the City of Eugene or RRPRD.
- **Planning and Development.** The City provides all planning services through its Planning and Development Department. Residents of unannexed areas pay for some services through permit fees, however, they do not pay for planning services that the City provides to areas outside its city limits but inside its planning area (generally, within the Eugene portion of the metropolitan urban growth boundary) supported by Eugene property taxes.

⁵ The RRPRD tax rate of \$3.4775 includes a permanent rate of \$3.0559 and a bond rate of \$0.4216.

- **Police.** The Lane County Sheriff provides service to unannexed residents. The Sheriff's Office is unable to respond to every non-emergency call for service and unable to investigate some property crimes. Under the mutual aid agreement, for an emergency call, the Eugene Police Department (EPD) or the Oregon State Police could be dispatched in addition to the Sheriff's Office. Residents pay for the Lane County Sheriff service through their property taxes to Lane County.
- **Stormwater.** The County maintains stormwater infrastructure along roadways in its service area in River Road and Santa Clara. River Road and Santa Clara have many streets and roads without curbs and gutters, and stormwater drainage is gathered in grassy roadside ditches. Residents of unannexed areas do not pay a user fee for stormwater services.
- **Transportation.** Residents of unannexed River Road and Santa Clara receive transportation services (streets) from the City of Eugene or Lane County, depending on their address. The City and the County have divided up the River Road/Santa Clara area such that, generally, the County maintains all streets north of the Beltline and west of River Road and the City maintains those streets south of the Beltline and east of River Road (including River Road itself). The County and City maintain all unannexed roads according to the County's standards. The County will overlay pavement on streets that the City would consider to be unimproved. The County therefore provides more maintenance to its unimproved streets than the City offers.
- **Wastewater.** Unannexed residents are connected to the City's wastewater (sewer) system. The City of Eugene collects and treats wastewater from the entire area. All residents pay for the service through user fees.
- **Water.** Residents of unannexed areas of River Road and Santa Clara receive water service from EWEB, through contract with either the RRWD or the Santa Clara Water District (SCWD). River Road and Santa Clara's water spends less time in pipes, so the delivered water is of a marginally higher quality than in much of the rest of the City. Water pressure in River Road and Santa Clara is very good, better than in much of the City, because the area has a low elevation.

Residents of RRWD pay for water service through user fees, which are comparable for average use to water fees in the City of Eugene.⁶ In Santa Clara, the SCWD collects no property taxes, but it does collect user fees. Water service in the SCWD is totally funded by those user fees, which are higher for average use than in River Road and Eugene.

⁶ The RRWD collects property taxes of \$2.28 per \$1,000 of assessed value that are used to pay for fire and EMS.

DIFFERENCES IN SERVICE QUALITY AND PRICE

This section tries to synthesize all the information about the amount, quality, and price of service to address a basic principle of fairness that is at the heart of most disputes relating to public services and annexation: people in similar conditions should pay similar prices. Of course, people would always like to pay less for service. But it seems clear, both from the professional literature and from casual observation, that as long as costs are in some reasonable range, people care more about their costs relative to those of others. Are my neighbors in similar conditions paying different prices for the same service? Are my neighbors paying the same price, but receiving different qualities of a service? This section attempts to sort out the questions of fairness by focusing on *differences* in the quality and price of services in the River Road and Santa Clara areas, and between the unannexed portions of these areas and the rest of Eugene.

ANNEXED RIVER ROAD AND SANTA CLARA

It is understandable that some people in annexed areas of River Road and Santa Clara say that they are not receiving services comparable to the rest of Eugene. Previous sections of this Summary have shown differences for several services between the annexed and unannexed areas, most notably for fire, police, parks and recreation, transportation, and library.

But showing a difference in the type or quality of service is not, by itself, evidence of an unfair system. For example, there is no branch library in the River Road and Santa Clara areas. But there are only two branch libraries in all of Eugene, meaning that most neighborhoods in Eugene do not have a branch library and most residents must travel to the downtown library or one of the branches in order to access library services. Therefore, River Road and Santa Clara are receiving library services comparable to most of the parts of Eugene that find themselves similar distances from the downtown or branch libraries.

Sometimes numbers were available showing the comparable services and other times anecdotal evidences from interviews with the service providers was available. The result of the analysis is that, with two exceptions, there is not a systematic or significant difference between the provision, quality, or price of urban services in *annexed* areas of River Road and Santa Clara and the rest of Eugene. The first exception is in who provides the service: Lane County maintains some streets in the area through an agreement with the City of Eugene that is intended to increase efficiency and reduce the patchwork of service provision in the area. The conclusion of this study is that the difference is not significant in terms of quality or price paid by the residents of annexed areas for day to day maintenance. The second exception is more significant: River Road and Santa Clara have a lower acreage of parks than the average for the rest of the City.

Thus, a comparison of services in the annexed areas of River Road, the annexed areas of Santa Clara, and the annexed areas of the rest of the City leads to a conclusion of almost no significant differences. At a minimum, the differences are not different in type or scale than those that are inevitable and are found in every city

when a combination of historical development decisions, topography, the road network, cost of land, distribution of schools (which are not under the control of the city), the economics of a central city and its usual role as a center for public services, and a variety of other factors mean that any neighborhood could point to something that some other neighborhood appears to be getting more of or paying less for.

The more interesting and controversial question is whether the *unannexed* portions of River Road and Santa Clara have services whose quality or price is significantly different from the quality and price in the annexed area of Eugene. More precisely, is the relationship between quality and price unequal (and, thus, unfair at some level)? The next section addresses that broad question.

UNANNEXED RIVER ROAD AND SANTA CLARA

Residents in unannexed areas receive varied levels of service. In some cases, residents receive a service level designed for rural areas. Significant differences in quality between services in unannexed and annexed areas exist for fire and EMS, police services, library, and stormwater.

Fire. Residents of unannexed areas of River Road receive fire and EMS from the City of Eugene—there is no difference in service from the rest of the City. The evaluation in this study suggests that the rate they pay for that service is about \$0.30 per \$1,000 of assessed value more than the residents of Eugene pay in property taxes for fire and EMS. Although residents of unannexed areas of River Road are paying more than residents of Eugene, they are not paying the full cost of fire and EMS to the City. The full cost for fire and EMS to the City of Eugene is an estimated \$0.26 per \$1,000 of assessed value more than RRWD pays for the services.

Residents of unannexed areas of Santa Clara receive fire and EMS designed for rural and suburban areas. Unannexed areas of Santa Clara have a lower ISO rating than the rest of Eugene. In the event of a major emergency, such as multiple fires, the rural fire districts would rely on the response of the City of Eugene and vice versa. Because of the back-up from the City of Eugene, it is also probably the case that residents in Santa Clara pay less than the full cost of the service they receive. The basic points seem irrefutable: Santa Clara has a lower level of service, it pays less for that service, and residents are satisfied with the service.

Police. Residents of unincorporated River Road and Santa Clara are served by the Lane County Sheriff's Office, which provides a rural level of police service. The City of Eugene is often compelled to respond to calls in unannexed areas of River Road and Santa Clara, including crimes in progress, if the Sheriff's patrols are out of the area. The Sheriff is unable to respond to every non-emergency call for service and unable to investigate every property crime. Thus, unincorporated residents receive less service at a lower cost.

Library. All residents of unannexed areas can use the library facilities in Eugene for free. To checkout materials, however, they must purchase a library card for \$80, which is \$30 less than the approximately \$110 in property taxes that a similar household would pay for library services in Eugene.

Stormwater. Residents of unannexed areas of River Road and Santa Clara do not pay a stormwater fee. Lane County does not provide as comprehensive drainage services in the unannexed areas. The County only provides road-related stormwater and drainage services. The City's stormwater management program includes maintenance of the stormwater drainage system, restoration of wetlands, development regulation, stormwater public education, capital improvement and rehabilitation projects, and acquisition of drainage ways and wetlands. In Eugene, residents must pay monthly stormwater fees of \$5 and up based on the impervious surface on the property. That is a difference in cost that a property in unannexed River Road or Santa Clara would face if it were annexed.

Transportation. Day-to-day maintenance of roads is outlined in the County and City's IGA. The County provides more maintenance to unimproved streets than the City. The County will overlay pavement on streets that the City would consider to be unimproved. The City will fix potholes on such streets when they become large enough to be a safety issue. The City will only repave such streets if they are upgraded to include gutters, sidewalks, etc. Overall, residents have expressed more satisfaction with the County's transportation services because the City does not provide an equivalent level of maintenance to unimproved streets.

Table 3 shows taxes paid by River Road residents, and Table 4 shows taxes paid by Santa Clara residents. In both tables, the first column shows taxes paid by unannexed residents and the second column shows taxes paid by annexed residents.⁷ Property owners in unannexed areas of River Road and Santa Clara pay lower property taxes than those in the City of Eugene.

Table 3. Tax rates in River Road

Taxing District	Tax Rate	
	Unannexed	Annexed
River Road Park and Recreation District	\$3.48	n/a
River Road Water District	\$1.97	n/a
City of Eugene	n/a	\$8.84
Total River Road	\$5.45	\$8.84 ¹
Difference between City of Eugene and River Road		\$3.39

¹Approximately \$0.80 of the City of Eugene's tax rate of \$8.84 is passed on to Bethel and 4J School Districts under the Youth & School Services Levy.

Source: Oregon Department of Revenue.

⁷ We have not included tax rates for Lane County or the school districts because all properties pay taxes to those jurisdictions.

Table 4. Tax rates in Santa Clara

Taxing District	Tax Rate	
	Unannexed	Annexed
Lane Rural Fire/Rescue	\$2.12	n/a
Santa Clara RFPD	\$1.04	n/a
City of Eugene	n/a	\$8.84 ¹
Difference between City of Eugene and:		
Lane Rural Fire/Rescue		\$6.72
Santa Clara RFPD		\$7.80

¹Approximately \$0.80 of the City of Eugene's tax rate of \$8.84 is passed on to Bethel and 4J School Districts under the Youth & School Services Levy.

Note: Residents of unannexed Santa Clara pay either the Lane Rural Fire/Rescue or the Santa Clara RFPD amount, depending on their location.
Source: Oregon Department of Revenue.

Tables 3 and 4 show that property owners in Eugene pay \$3.39 per \$1,000 in assessed value more in property taxes than those in unannexed areas of River Road, \$6.72 more than those in the Lane Rural Fire/Rescue district, and \$7.80 more than those in the Santa Clara RFPD. The tables quantify what everyone involved in the issues already knew: if a single property in River Road or Santa Clara annexes to the City, that property would experience an increase in property taxes.

An obvious question is, What are residents of Eugene paying for with their additional property taxes? The previous analysis of differences provides most of the answer: primarily more service for police, fire, library, parks and recreation (in Santa Clara), and schools (in the form of a levy that it passes on to the 4J and Bethel School Districts). For example, residents of unannexed areas receive police services from the Lane County Sheriff's Office.⁸ The calculated property tax contribution for police services in Eugene is \$2.98 (see Table 2). Another example: calculated property tax contribution for library services in Eugene is \$0.41 and the Library Local Option Levy is \$0.55 for a total property tax contribution of an estimated \$0.96

LONG-RUN CONSIDERATIONS

All of the analysis so far has been aimed at the key question of this study: what is the current situation for services in the River Road and Santa Clara areas, and what happens to services and costs if a residential property annexes to the City?

A long-run perspective, of interest to several service districts in the area, asks what happens as more and more properties in River Road and Santa Clara area annex to the City? To provide an approximate answer to that question this section takes it to the extreme to evaluate what would happen if *all* the unincorporated property in Santa Clara and River Road were to annex to the City?

⁸ Operating costs for the Lane County Sheriff's Office are paid for with property taxes. All property owners in Lane County, regardless of annexation status pay property taxes to Lane County of \$1.43.

In that case, all the properties would experience an increase in property taxes. The increase in property taxes would be partially offset by the reduction in property taxes to other service providers.

- Property owners would no longer pay property taxes or fees to the River Road Park and Recreation District, the River Road Water District, or the fire districts in Santa Clara.
- Property owners would, however, continue to pay property taxes to Lane County, the school districts and Lane Community College.
- EWEB would continue to pay the City of Eugene contribution-in-lieu of taxes (CILT) equal to 6% of electric utility retail revenues for all customers. The CILT is collected for all electricity sales, regardless of the location of EWEB's customer. Therefore, unannexed properties in River Road/Santa Clara that purchase electricity from EWEB are contributing to this revenue source and would continue to do so under full annexation. The City of Eugene has estimated that unincorporated River Road contributes about \$155,000 and unincorporated Santa Clara contributes about \$196,000 to the CILT payment.⁹
- The tax rate for the Library Local Option Levy and the City's bonded debt would decline from its current rate. If the City increased its total assessed value, these levies would spread over a larger base, so the tax burden for individual property owners would decrease. Thus, a large annexation would slightly reduce the tax burden for existing City residents, all other things remaining equal. Debt service rates change annually, so it is not possible to predict actual debt service tax rates under a complete annexation scenario in the future.

Fees for other services would also rise. If the City annexed all of River Road and Santa Clara, the City would receive increased revenue, as summarized below.

- Property taxes. If the City annexed all of River Road and Santa Clara, its total assessed value would grow and it would collect more revenue from property taxes. We calculate that the City would collect an additional \$3.2 million by annexing all of River Road, and \$4.6 million by annexing all of Santa Clara.
- Solid waste fees. Rates paid by individual garbage customers would increase because the City requires a higher level of service than the County. Annexing River Road would generate about \$8,000, and Santa Clara would generate about \$12,000 in City revenue each year for the City's Solid Waste and Recycling Program.
- Right-of-Way fees. Annexing River Road would generate about \$138,000, and Santa Clara would generate about \$203,000 in right-of-way fee revenues from Comcast Cable and Northwest Natural Gas. Cable rates paid by

⁹ Memorandum from Jim Carlson, Assistant City Manager to River Road Urban Services Study Citizen Committee and Santa Clara Urban Services Study Committee, November 15, 2001.

customers would not change because the County also charges a franchise fee, but natural gas customers could see a rise in gas fees.

- State-shared revenue. The City would generate increased revenue from the three categories of State-shared revenues, which are primarily distributed to cities on a per capita basis. County distributions of state-shared revenues are primarily based on the number of registered vehicles. If the City annexed all of River Road, it would receive an additional \$142,000, and if it annexed all of Santa Clara, it would receive an additional \$208,000 in FY03-04. Actual revenue in the future depends greatly on the total amount the state distributes

If the City annexed all of River Road and Santa Clara, its costs would also rise. Annexing River Road/Santa Clara would increase demand on many of the City's services. For example, the City would probably acquire a second fire station in Santa Clara. In addition, the EPD would need additional staff, including sworn officers and related support staff, in order to maintain a ratio of sworn officers to residents that is comparable to the current level. It is beyond the scope of this study to project the cost of providing those services to unannexed areas of River Road and Santa Clara.

CONCLUSIONS

The scope of this study limited the analysis to a compilation of facts about the amount, quality, and price of certain urban services in different parts of the River Road and Santa Clara areas. This summary tries to simplify that analysis by focusing on the differences between River Road and Santa Clara, between annexed areas and unannexed areas, and between those areas and the rest of the City.

This analysis found that annexed residents of River Road and Santa Clara receive a level of service for all urban services comparable to the rest of the City of Eugene, with the possible exception of parks. A comparison of services in unannexed areas of River Road, unannexed areas of Santa Clara, and the annexed areas of Eugene, however, leads to a conclusion that differences in quality and price between services in unannexed and annexed areas exist for fire and EMS, police services, library, and stormwater.

For details of service level, costs, and revenues by type of service, please see the report chapters and appendices.

This report explains the costs and revenues associated with delivering urban services the River Road and Santa Clara areas. In this introductory section, we discuss the following:

- Background and purpose
- Overview of the River Road/Santa Clara area
- Evaluation methods
- Organization of the report.

BACKGROUND AND PURPOSE

River Road and Santa Clara are adjacent areas inside the Eugene-Springfield Urban Growth Boundary (UGB) with a mix of incorporated and unincorporated parcels. The Eugene-Springfield Metropolitan Area General Plan (Metro Plan) identifies the City of Eugene as the ultimate urban service provider to the areas, but there is no comprehensive annexation plan. Individual pieces of property in River Road and Santa Clara have been annexed to the City of Eugene, bringing newly developed parcels under the City's jurisdiction. To date, approximately one-third of the land in the two areas has been annexed.

This annexation process has created a patchwork of incorporated and unincorporated parcels—a City resident can live next door to a County resident, each paying different tax rates and receiving different urban services. The patchwork of unincorporated and incorporated areas makes the delivery of urban services less efficient, as well as confusing for the service providers and citizens. The patchwork of incorporation has also created widely ranging perceptions of costs, benefits, and overall fairness among area residents and concerned citizens.

As the designated service provider in the Metro Plan, the City will eventually annex the areas. The City must have jurisdictional authority to issue public debt, to assess taxes, and to allow for legal representation through the voting franchise. But vocal opposition to the eventual annexation of the areas has developed; “Fight Annexation” signs are evident in yards around Santa Clara and River Road. At the risk of over-simplifying a complex situation, many residents of the areas believe that they do not need, will not completely use, or will be overcharged for City services.

In addition to widely ranging perceptions of fairness regarding taxes and urban services, eventual annexation raises the question of what will happen to the various special districts that serve the areas, such as the River Road Park and Recreation District.

In the absence of an independent analysis of urban services, costs and benefits to the City and residents—and the implications of annexation for special districts—both proponents and opponents of annexation can make claims about the implications of

annexation that are difficult to evaluate. The lack of objective information makes it difficult for City leaders to make decisions to protect the interests of City residents and fairly address the concerns of Santa Clara and River Road residents. *An analysis of urban services that clearly identifies the costs, revenues, and levels of service to the City and area residents will provide a common base of information from which citizens can have an informed discussion of the issues and how to address them.*

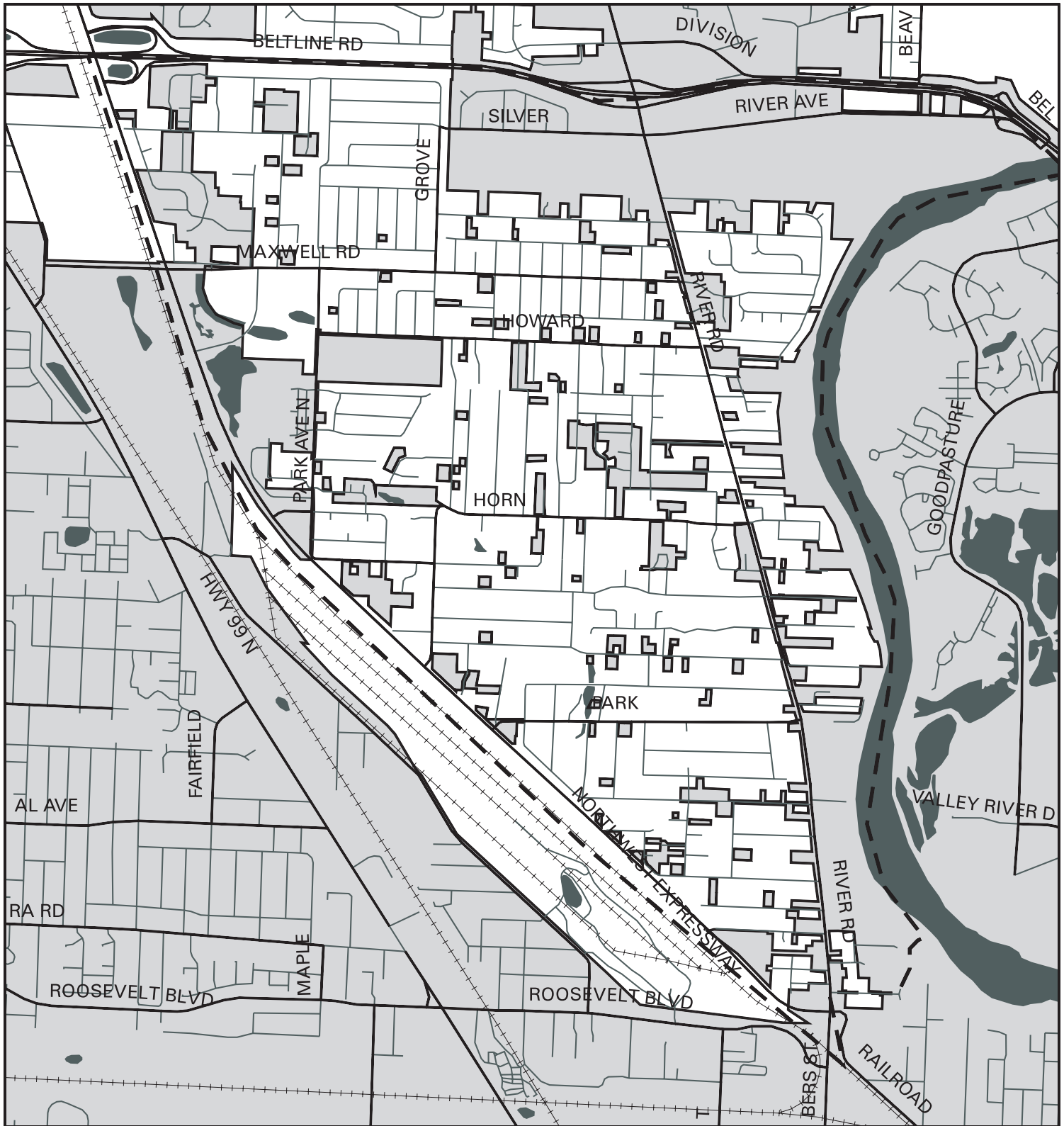
OVERVIEW OF THE RIVER ROAD/SANTA CLARA AREA



BOUNDARIES AND LAND USE

The River Road and Santa Clara areas lie in the northwest corner of the Eugene-Springfield metro area. The southern boundary for the River Road area is the intersection of the Northwest Expressway and River Road, and it extends north to Beltline Road. The eastern boundary is the Willamette River, and it extends west to the Northwest Expressway. The southern boundary for the Santa Clara area is Beltline Road, and it extends north to Beacon Drive, which is also the Urban Growth Boundary. Its eastern boundary is the Willamette River, and it extends west to the Northwest Expressway.

The following six pages are maps from the Lane Council of Governments of the River Road and Santa Clara areas:

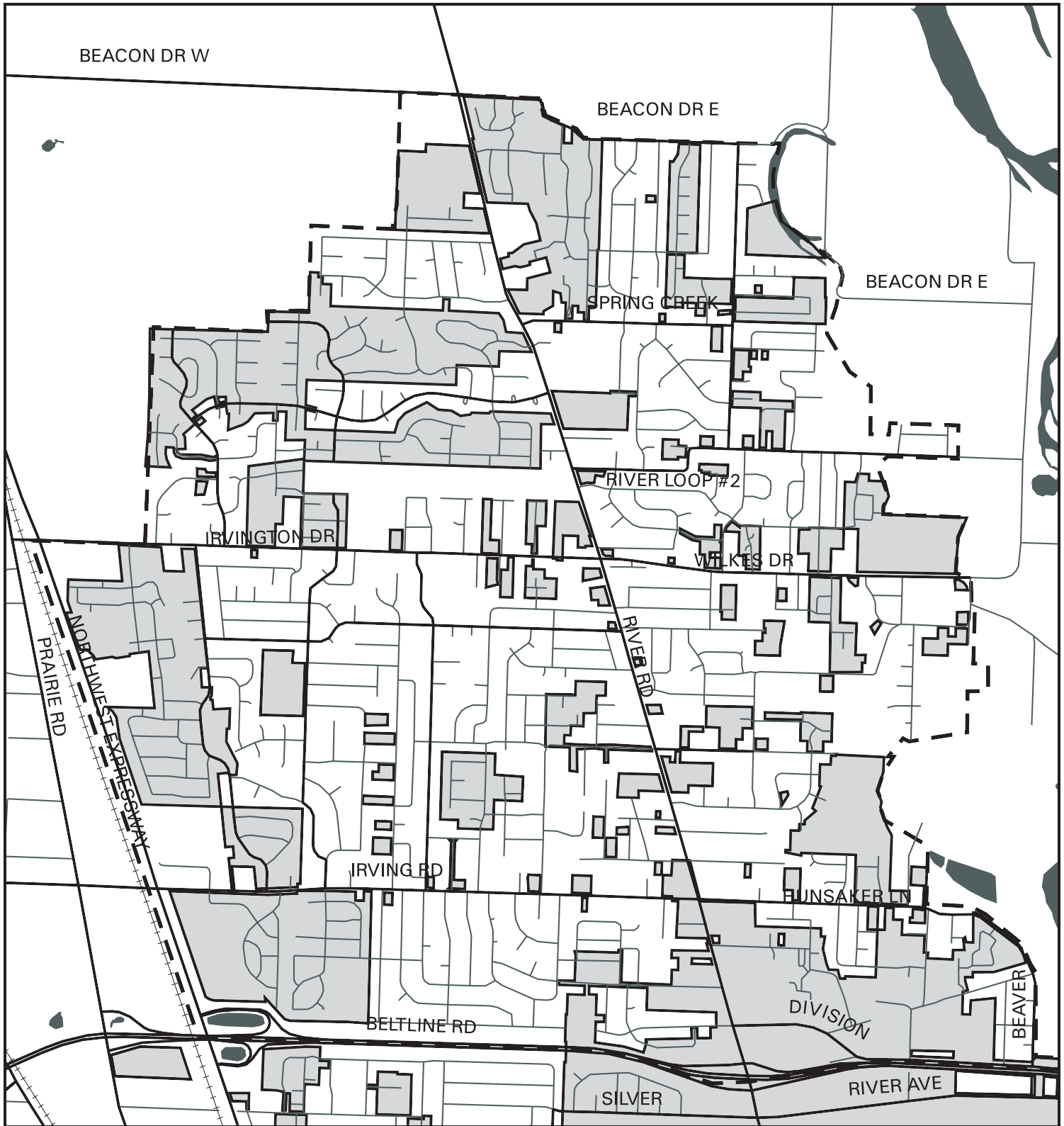
- Map 1 shows the River Road study area, delineating between the incorporated and unincorporated areas of River Road.
- Map 2 shows the Santa Clara study area, delineating between the incorporated and unincorporated areas of Santa Clara.
- Map 3 shows the areas served by special districts in River Road.
- Map 4 shows the areas served by special districts in Santa Clara.
- Map 5 shows the general land use patterns in River Road.
- Map 6 shows the general land use patterns in Santa Clara.



-  River Road Study Area
-  Incorporated Area



Map 1

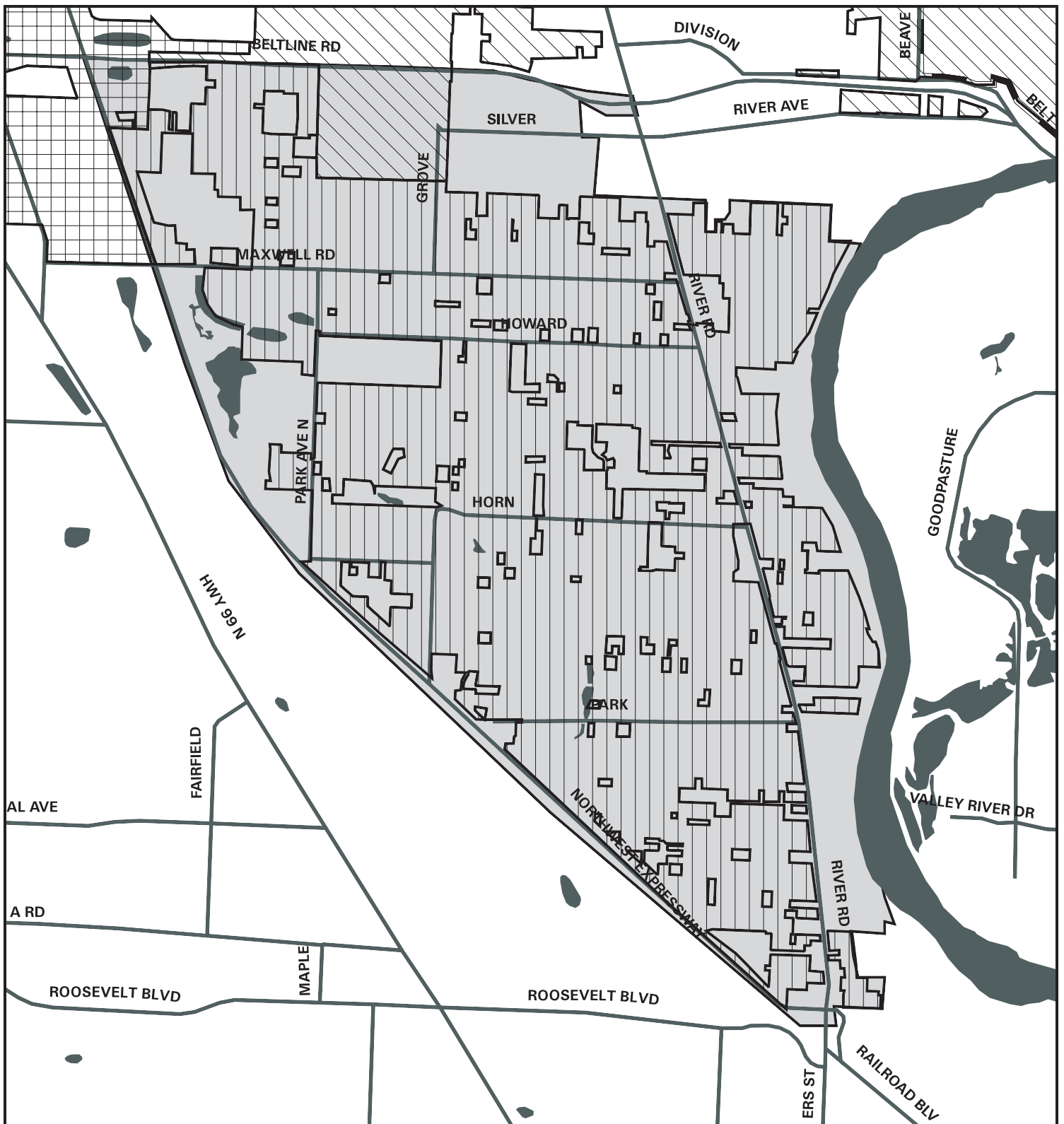


— Santa Clara Study Area





■ Incorporated Area



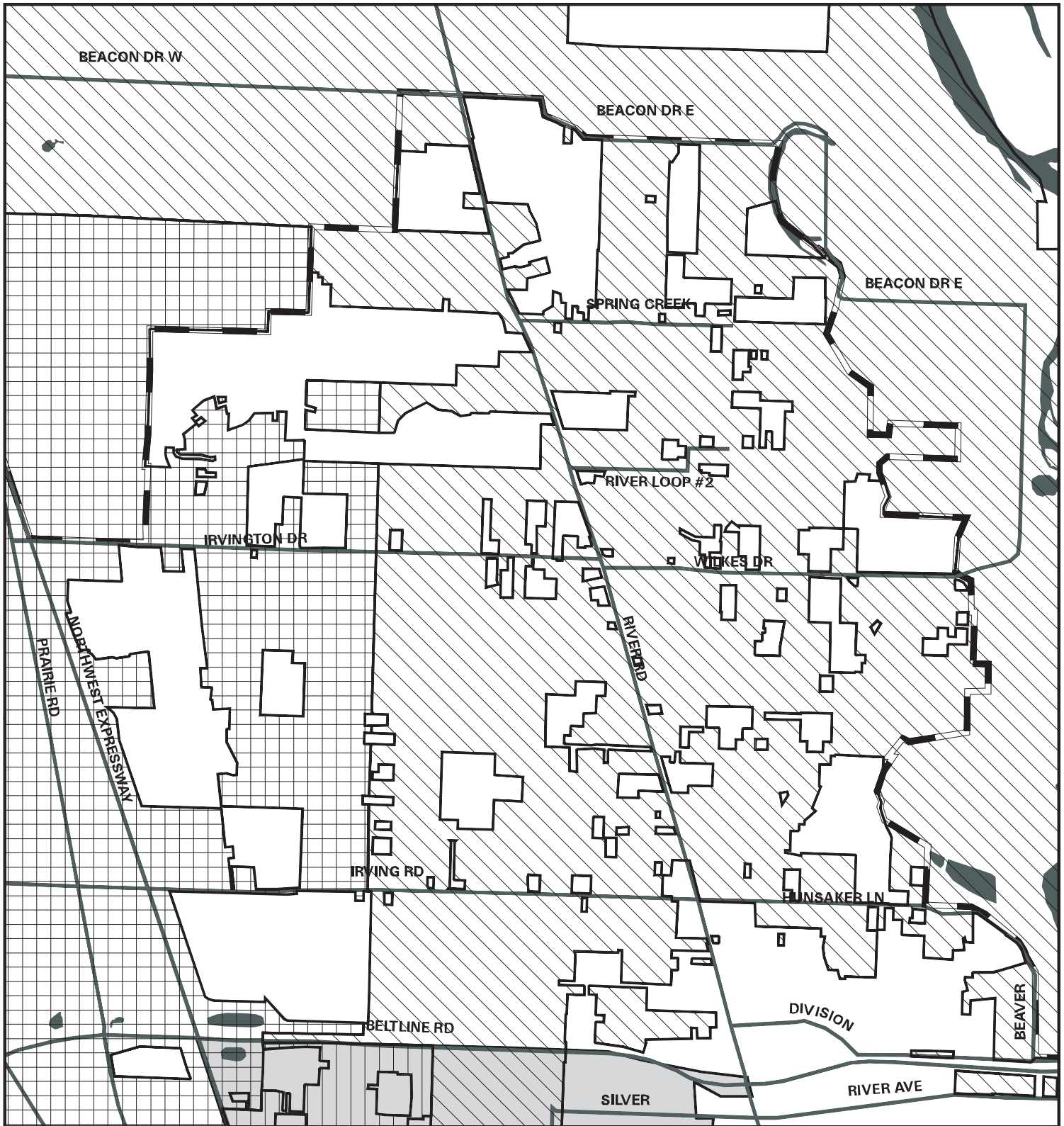
Map 2







Special Districts in the River Road Area

-  River Road Water Dist.
-  Santa Clara Fire Dist.
-  Lane Rural Fire/Rescue
-  River Road Park & Rec Dist.





Special Districts in the Santa Clara Area






-  River Road Water Dist.
-  Santa Clara Fire Dist.
-  Lane Rural Fire/Rescue
-  River Road Park & Rec Dist.





General Land Use in the River Road Area

Map 5

-  Single Family
-  Multi-Family
-  Commercial/Industrial
-  Public/Utilities
-  Undeveloped



0  1 mile



General Land Use in the Santa Clara Area

Map 6

- Single Family
- Multi-Family
- Commercial/Industrial
- Public/Utilities
- Undeveloped



0 1 mile

HISTORY OF URBAN SERVICES IN RIVER ROAD/SANTA CLARA

The River Road and Santa Clara areas had been developed as agricultural in the first half of the 20th century. After World War II, the area began to develop suburban characteristics, and became a part of the Eugene/Springfield metropolitan area. The area grew in population, so it looked like an urban area and had urban problems, but lacked an urban government to provide urban services.

In the early 1970s, studies of water quality in River Road/Santa Clara showed that the groundwater had elevated levels of nitrate-nitrogen and fecal coliform, which was potentially a health hazard. In 1973, the Boundary Commission denied a proposal to form a Sanitary Sewer District in Santa Clara because the proposal lacked adequate information about financing the District.

A study commissioned by the Oregon Environmental Quality Commission in 1980 found that the number and density of septic systems in the area significantly affected River Road/Santa Clara groundwater. Septic systems were failing and raw untreated sewage was discharged into the water table, surface water, and the Willamette River. Dye testing conducted by the State showed many wells that had a direct connect to sewage outfall. The Oregon Department of Environmental Quality (DEQ) subsequently declared a “public health hazard” in the area.

During this time, the existing sewage treatment plants for the City of Springfield and the City of Eugene could not meet the federal environmental standards for discharge into the Willamette River. The plants did not have the capacity to handle additional waste from River Road/Santa Clara. As a solution, Springfield, Eugene, and Lane County formed the Metropolitan Wastewater Management Commission (MWMC) to develop a plan, apply for grants, and to design a single sewage treatment plant for the area. The new plant would comply with federal discharge standards and would be built to handle waste generated by the population projected to live in the area by 2020. The MWMC created a plan, which included the construction of a new treatment plant costing over \$150 million. In 1978, Eugene and Springfield voters approved the sale of \$29.5 million in bonds to finance the project. In addition to those general obligation bonds approved by voters, the MWMC relied on funds from State and Federal grants. A grant from the EPA provided 80% of the financing for the new treatment facility.

In the early 1980s, a number of events made it clear that River Road and Santa Clara would eventually become part of the City of Eugene. In 1982, the Cities of Eugene and Springfield and Lane County adopted the Metro Plan. The regional plan recognized that, as part of the UGB, River Road and Santa Clara will eventually be annexed. In 1983, the Boundary Commission denied a proposal to create a new City of Santa Clara because the plan did not adequately address how wastewater services would be financed, it was not consistent with the Metro Plan, and the analysis on the impacts of the proposed city on existing tax districts was inadequate.

In 1984, the City of Eugene received a \$5.9 million grant from the EPA to build a wastewater interceptor system to connect the River Road/Santa Clara areas to the new Regional Water Pollution Control Facility. All owners of property in River

Road/Santa Clara to which the wastewater system was made available were informed of requirements to connect to the system. The policy cited at the time was ORS 224.020, which was interpreted to allow the City to enforce local code provisions (Eugene Code section 6.471) related to requiring connections to the wastewater system. The courts later determined that this statute did not specifically empower the City to enforce connection through its own codes.¹ The City of Eugene then amended the Metro Plan to allow existing properties to connect to wastewater services without annexation, but new development was required to annex to the City before connecting to the wastewater system. At the time of writing this report, almost all properties in River Road/Santa Clara are connected to the regional wastewater system.

Since 1987 the City of Eugene has administered all land use and building permits in River Road and Santa Clara. In order to obtain a building permit for new construction or an additional dwelling unit, a property must annex to the City. Under this system, new development is annexed to the City, and older, unchanged properties remain part of the County.

Appendix B provides a more detailed list of urban development events in River Road/Santa Clara.

EVALUATION METHODS

This report describes our analysis of the costs and revenues for urban services in the River Road and Santa Clara areas. We approach our evaluation of the fiscal impacts of annexation based on costs per unit of service and the number of units of service. Our analysis includes both direct and indirect costs of service.

In order to provide a common and consistent point of reference for our analysis, all data (outputs, costs, revenues, levels of service) are from the most recent available data: Fiscal Year 2003-2004. As a result, our analysis focuses on costs and revenues as budgeted in 2004.

Our analysis incorporates the following elements:

- We account for all significant costs and revenues in the different subareas—special districts, unincorporated, and incorporated lands.
- We show how annexation would affect revenues, costs, and levels of service.
- The current level of service, staffing, and expenditures in Eugene is the benchmark for forecasting comparable levels of service, staffing, and costs in River Road and Santa Clara. The State of Oregon and the Federal government define the level of urban services in many key city programs.
- Our fiscal analysis includes cost and revenue estimates for taxes and services associated with the City of Eugene and special districts in River Road and Santa Clara. We do not analyze services provided by school districts or Lane

¹ Personal communication with Fred McVey, Engineering Data Services Manager, Public Works Department, City of Eugene, May 20, 2004.

Transit District. Services provided by those district are not affected by any changes to urban service delivery.

- We describe the differences in levels of service currently provided by each agency.
- We analyze how the affected special districts, the County, and the City of Eugene's public debt would be impacted by annexation. If annexation causes a special district to dissolve, any remaining debt of that district must be accounted for.

ORGANIZATION OF THIS REPORT

This report summarizes the results of our analysis, organized as follows:

- **Chapter 2: Understanding the Issues** describes the theory of urban services delivery and how it applies to River Road/Santa Clara. The chapter describes how cities typically deliver services, the rationale for providing those services, how revenues are collected, and how citizens benefit from the services.
- **Chapter 3: Overview of City and District Budgets** discusses the budget for the City of Eugene and all the affected special districts. The chapter describes all revenue sources and how the districts allocate expenses.
- **Chapters 4-13: Fiscal Evaluation, by Type of Service** addresses the level and costs of providing the service. In each chapter, we describe the service and who provides it. We discuss the cost of providing the service, and how the costs are borne by individual households. We describe how each affected group (households, the City, special districts) views the service. Finally, we summarize the key issues for each service.

The 10 chapters all follow the same organization. Much of the text explaining methods is repeated in each chapter. We chose to repeat the explanatory text so that each service chapter can be read as a stand-alone document. If a reader is interested in a particular service, he or she can read that chapter and understand how we analyzed that service. Readers who read every chapter should expect some redundancy among chapters.

The Chapters are ordered as follows:

- Chapter 4—Central Services
- Chapter 5—Fire and emergency medical services
- Chapter 6—Library
- Chapter 7—Parks and recreation services
- Chapter 8—Planning and development
- Chapter 9—Police
- Chapter 10—Stormwater
- Chapter 11—Transportation

- Chapter 12—Wastewater
- Chapter 13—Water.
- **Appendix A: Glossary** provides a list of terms and acronyms used throughout the report.
- **Appendix B: Summary of urban development events** provides a history of events in the River Road and Santa Clara areas.
- **Appendix C: Property Taxes** explains the property tax system in Oregon.

OVERVIEW

The purpose of this study is to describe the facts about the provision of urban services in the River Road and Santa Clara area. It attempts to provide information to answer these questions:

- What level of service (amount, reliability, quality) do different agencies provide?
- What does it cost to provide those services?
- What do people pay for those services?
- How might the quality and cost of service change in the short run if a single property were annexed into the City? In the long run if many properties are annexed?

Stated that way, the task sounds simple. But everyone who has been involved with the River Road/Santa Clara urbanization process—staff of the City and various service providers, elected representatives, members of citizen advisory groups, and residents—knows the issues are far from simple.

Consider some of the questions embedded in a request to describe urban services:

- How do services—their amount, quality, and price—vary from River Road to Santa Clara?
- How do services vary from properties inside the City to those outside the City?

The purpose of this chapter is to describe in more detail what these issues are, why they are important to any attempt to evaluate and draw conclusions about costs of providing services, and how they might be addressed in this evaluation.

ISSUES COMPLICATING AN EVALUATION

PERSPECTIVE: FROM WHOSE POINT OF VIEW?

This point is obvious to those who have been involved in the debates about urban services and annexation in the River Road and Santa Clara area. Residents of Eugene will tend to see the urban area at the edge of their boundary as one that enjoys many advantages of an urban area without paying urban taxes. Some residents in the River Road and Santa Clara area will tend to see themselves as second-class citizens of Eugene getting second-class services (if they have already been annexed), or victims of Eugene's urbanization, which is eventually going to force them to give up a lifestyle and environment that is dear to them.

The City, its service departments, and special districts will take an institutional point of view. In theory that view should align with the views of the people they serve; in practice, some of the variables the institutions care about will not be of immediate interest to their constituents.

Our solution to this issue is to try, within the limits of the scope of this report, to describe results from these different points of view.

PERSPECTIVE: AVERAGE OR INCREMENTAL?

For a large service district (e.g., the City of Eugene when it provides wastewater collection and treatment, or parks and recreation programs), the cost of adding one new household to the district may be too small to measure. For a general service like parks and recreation, districts do not track their new users, new households may not contain any new users or may contain users whose use is very different from the average.

For wastewater, even though common sense and analysis allows the reasonable approximation that wastewater generation (and, thus, the cost of wastewater treatment) is highly correlated with water use, which is metered, it is still the case that a new household may cost the district less than it pays. Why? Because there are many costs (of capital and administration) that are fixed within a broad range: they do not change much as new users are added (up to a point). So a new household or business may cost the district much less than the average cost to provide service to a household.¹ Where excess capacity exists, it can be the case that existing users are better off (have lower costs) when service is extended to new users: ones who can be served for less than average cost. Existing users may benefit from lower charges because costs are spread over the existing users and new users.

In the longer run, however, the benefits of excess capacity get dissipated. Facilities get old, and growth uses up their capacity: eventually a new major facility (sewer line or treatment plant) must be built. In such cases, existing users may point to expected growth as the culprit: but for that growth, they argue, they would not need the new facilities, and new growth should pay for the full cost.

Our solution for this report is to focus on average cost. The analysis here is primarily long run, and every household and business contributes to the need for facilities. It can distort the analysis when a service provider has a lot of excess capacity, or is just at the point of needing to add new capacity.

TIMING ISSUES: SHORT RUN AND LONG RUN

This issue is related to the one above about average versus incremental cost analysis. Short-run costs may not correspond well to long-run average costs. That means that the cost for an individual household may change, perhaps substantially over time. It

¹ Average annual cost per equivalent dwelling unit (EDU, a standard term in calculating sewer costs and rates) would be total annual cost divided by the number of EDUs.

also means that the structure of service provision—its cost and its institutional structure—can change over time. For example, the River Road Parks District or the Santa Clara Rural Fire Protection District could find their ability to provide service at a reasonable price eroded over time as properties within their boundaries annex to the City of Eugene and substitute Eugene services for those of the special districts.

Our solution for this report is to look, to the extent the budget has allowed us, at both short-run and long-run issues. For each service we focus on the effects on one house (short run) as it changes from one service provider to another, but also describe briefly how the cumulative effects (of annexing one property at a time until many properties have been annexed) will affect service providers.

BOUNDARIES: WHO'S IN AND WHO'S OUT?

River Road is not Santa Clara: the analysis must address that. Moreover, households and businesses in each area have different service providers. Most fundamentally, some properties in both areas are in the city of Eugene, while most properties in both areas are outside the City.

Our solution to that problem is to work at the level of the service providers. We begin each description of a specific service with a matrix that shows who is providing the service, and roughly at what level, in Santa Clara (in the City and outside the City) and River Road (in the City and outside the City). The only way to answer some general question about River Road or Santa Clara is to add up the answers to the question for each service.

EXTERNAL IMPACTS: WHAT COSTS AND BENEFITS COUNT?

Conflicting views of the efficiency and fairness of service provision arise not only because people have different perspectives, but also because those perspectives lead them to count or ignore different costs and benefits.

A critical issue is what economists refer to as *externalities*. Stormwater illustrates the concept. Many of the problems associated with the poor management of storm water occur downstream in the form of flooding and decreased water quality. As long as people in the Eugene area do the minimum ditching to prevent localized flooding, the amount and quality of stormwater runoff is not a problem for them. It does, contribute, however, to problems downstream as far as Portland.

The science and engineering seems to agree that it makes more sense to manage stormwater at the point of origin then to try to mitigate its impacts farther downstream. But for property owners and developers in Eugene, those downstream costs are *external* to their cost calculations and concerns. Why should they pay to reduce costs in Portland?

The answer gets into moral and legal issues beyond the scope of this study. The point here is that those costs matter, and that there are examples that matter even closer to home. For example, it is clearly the case that expenditures on and the amount of police protection is greater in the City of Eugene than it is in Lane

County. One theoretical outcome of that is that some criminal activities (e.g., the operation of a meth lab) will be less risky in the County. And a further potential effect is that the City of Eugene's police department will be the one to deal with those kinds of activities in the County, especially when they are close to Eugene's borders.

That point relates to a subset of the externality problem: what the literature of public finance refers to as the "free-rider" problem. Fire protection and library services provide an example. The City of Eugene just built a state-of-the-art library from funds primarily collected from properties in Eugene. Non-residents can buy check-out privileges for a fee, but that fee is below average cost. Going the other direction, there can be cases where certain subareas in a larger service district pay for services that might be of lesser quality than those in other parts of district, or they may be at the fringe paying for larger central facilities (e.g., a community park) that are used much more by people who live closer to them.

There is no simple and standard analytical solution to these types of evaluation problems. Our tack in this study is to try to identify where external costs and benefits are likely to be significant, and explain why. Estimating the magnitude of those costs or otherwise incorporating them into our analysis is beyond our scope of work.

DIFFERENCES IN SERVICE LEVELS AND SERVICE DEMAND

A point related to the previous one is that people in different areas of a city can make a case that they need different levels of service and should pay different costs. This is an old and technically unresolvable problem of public finance: it gets resolved politically. Every property class can make an argument about why some other property class should pay more.

Consider some examples of the arguments as they relate to fire protection:

- The downtown should pay more because it has dense and expensive buildings, and requires special equipment for firefighting. Or, it should pay less because inspections of commercial buildings make fires less likely and response times can be quick because of the central fire station.
- Industrial properties should pay more because they have special and often hazardous materials. Or, they should pay less because they are relatively spread out and the chances of extensive fires are reduced.
- Residential properties should pay more because they make the bulk of the service calls (mainly for EMS). Or, they should not pay more because part of the costs of those calls is charged back to them (and often paid for by insurance).
- Low-density residential areas should pay more because they require more fire stations to be built to keep a minimum response time. Or, they should pay less because the fires are easier to fight and less likely to jump to other properties.

In short, it is common for everyone to believe they are subsidizing someone else.

Not only do households and businesses get different levels of services—they may want different levels of services. In most cases that desire comes from a desire to reduce costs: people elect a lower level of service because it is cheaper. But in some cases, it may be an actual preference: for example, even if it were offered for free, some people would reject curbs and sidewalks because they prefer the feel of a rural street.

The analysis necessary to try to resolve this issue would focus on the implied relationship between cost of service and assessed property value (because the bulk of a property's payments are a direct function of its assessed value). The best way to allocate the costs would be to use and almost certainly go beyond the kind of actuarial analysis that insurance companies do: who really uses the service, and can those users be grouped for purpose of charges. Beyond the technical difficulties of such an analysis are the political and moral ones. For example, older homes (with lower assessed values) may be more likely to have fires than newer ones; rental units may be more likely to have fires than owner-occupied units (or vice versa). Should fire departments and districts, like insurance companies, charge all these households a different rate?

For these issues, as with many others, there is no standard and clear technical procedure to address them. In this study, we address them descriptively, not quantitatively: that is, we try to describe how service levels and costs differ for each service, for each subarea.

CENTRAL SERVICES

Multiple service providers can add to the overall expense of providing those services. The cost of delivering a service includes direct and indirect costs. For example, delivering police services includes direct costs, such as police officers and a crime lab. Delivering police services also includes indirect costs, such as the cost of running payroll and managing health insurance premiums. If multiple services are consolidated into one system, there are significant economies of scale to be gained. Thus, a City can economize on these indirect costs, and each service district must provide for their own indirect costs.

There is also a saving that comes from one command and governing structure, which allows for a more efficient allocation of resources and response patterns. A single governing structure can eliminate multiple station locations and redundant equipment. Equipment and supplies can be purchased in bulk, allowing savings and inventory control.

RISK REDUCTION: WHY PAY FOR WHAT IS NOT USED?

Some services are used directly and daily by everyone: water, electricity, and transportation are examples. Of these, water and electricity are different because they can be metered: people know (or can know) what they use, and when they choose to use it, they know that they are agreeing to pay the going rate. Other services have a component of payment for services used: e.g., paying for recreation programs, or for a library card.

But life-safety services (fire, EMS, police) are very different. They are not used every day. Paying for these services is like paying for house or life insurance: you hope you never use it. And most people in a city never use it, at least not directly. Thus, it is understandable that people would say that they do not use fire and EMS services or, more likely, that they do not need a full and expensive level of service. But to have it available the one time it is needed means that it has to be provided all the other times as well.

Consider fire protection and EMS. The service is available to everyone all the time. People who live in an area with less fire protection may work at businesses in areas with more fire protection. Since many emergency response calls are for car fires or accidents, people are often being protected by another jurisdiction's emergency response system and budget.

In a metropolitan area with a mix of emergency response capabilities, *not responding* is not an option. If one area has a major fire and a lesser capability to fight it because of voter decisions to fund less staff and equipment, other jurisdictions will provide back-up.

For this report, we treat this issue the way we do most others: we note it when we see it, but do not otherwise try to quantify the magnitude of cost impacts on different agencies or subareas of service users.

COMMINGLED REVENUE

Most (though not all) of the *costs* of a particular type of service in the City of Eugene can be directly accounted for. Some exceptions are the fleet (e.g., police, fire, and parks vehicles are mostly bought and serviced through the City Public Works department) and general administration (e.g., City manager, City Council, Finance). But even these costs are allocated back to the departments, so one can feel relatively confident about sources of cost.

For revenue, however, the connection is less direct, especially for a multi-purpose government like the City of Eugene. The City collects General Fund revenue, and non-General Fund revenue. Non-General Fund revenues account for monies specifically allocated to particular services. General Fund revenue is not dedicated to specific purposes and is used for basic City services. The City collects General Fund revenue from property taxes, franchise fees, EWEB's contribution in lieu of taxes, renting out facilities, providing police services for University of Oregon events, and a host of others. The majority of the revenue is generated by property taxes.

In our report, we discuss these revenues in Chapter 3, Overview of the City's Budget. For each individual service, we calculate the portion of a resident's property tax that supports that service. This is only an estimate. A resident's property tax payment is not explicitly divided up by the City's service providers. We describe it in that way to estimate how individual property owners contribute to City services.

ANALYSIS ISSUES: ARE THE DATA AND EVALUATION TECHNIQUES UP TO THE TASK?

Our analysis relied on the City's budget for Fiscal Year 2003-2004. The current level of service, staffing, and expenditures in Eugene is the benchmark for forecasting comparable levels of service, staffing, and costs in River Road and Santa Clara. We assume that costs and revenues will continue to resemble current costs and revenues.

The City's budget is a forecast of expected costs and revenues. Actual numbers will vary from budgeted numbers, for many reasons. For example, a higher (or lower) number of property owners will default on their property tax bill than was expected, or the cost of commodities such as gasoline may rise (or fall) unexpectedly.

Our analysis provides a thorough estimate of the costs to residents and the costs and revenues to the City associated with annexation. In some areas, we were unable to calculate precise figures. For example, the City receives some revenues from the State that are based on the City's population. Because the amount of money the State distributes every year varies for many reasons, using data for Fiscal Year 2003-2004 provides only an estimate of annual revenues.

These issues indicate that our analysis will not provide a perfectly precise accounting of the annexation. Given the nature of the technical problems and the limitations of our budget, in some areas we provide a descriptive analysis, instead of a quantitative analysis. Our analysis is only an estimate of the costs and revenues associated with providing urban services, allowing the City and residents to fully understand the issues and costs of providing those services.

Overview of City of Eugene's Budget

INTRODUCTION

This report provides an analysis of the costs and revenues associated with urban services, and most of the report is organized by service. This chapter provides an overall description of all the City's revenue sources. Throughout this chapter, we estimate how the City's revenues would change if it were to annex all of River Road and Santa Clara.

The City of Eugene holds in public trust a wide variety of assets that its citizens use for their individual and collective health, welfare, and safety. These assets include everything from curbs, gutters, and sidewalks, to airports, fire stations, and courts. This infrastructure is used by the City's approximately 144,000 citizens. In addition, these services are used by the City's guests and neighbors when they travel through or in and around the City of Eugene.

In order to provide the services that flow from these assets, the City spends about \$350 million per year. The City provides many different products and services, such as fire and ambulance response, police services, parks, recreation, cultural programs, street sweeping, swimming pools, traffic lights, airports, parking lots, and so on.

The City of Eugene's budget for Fiscal Year 2003-2004 is \$356.2 million. The budget is composed of two pieces: resources and requirements. Resources explains sources of revenue and requirements explains how those resources are spent. State law requires that the City prepare a balanced budget, thus the resources must match the requirements.

The total budget represents all of the City's internal and external functions and financial transactions. The total City requirements include the general operating budget for City services, debt service, capital projects, intergovernmental pass-throughs, fund balances, contingency funds, and reserves. Table 3-1 shows the basic categories of resources and requirements in the City of Eugene.

Table 3-1. City of Eugene's total resources and requirements, FY03-04

Resources	FY04	% of Total	Requirements	FY04	% of Total
Beginning Working Capital	\$80,656,932	22.6%	Department Operating Budget	\$158,859,176	44.6%
Property Taxes	74,668,449	21.0%			
Other Taxes	12,497,164	3.5%	Non-Departmental Budget		
Licenses/Permits	6,881,950	1.9%	Debt Service	\$14,721,088	4.1%
Intergovernmental	32,035,881	9.0%	Capital	92,977,023	26.1%
Charges for Services	123,497,158	34.7%	Intergovernmental Expenditures	17,785,755	5.0%
Fines/Forfeitures	3,897,332	1.1%	Miscellaneous Fiscal Transactions	2,653,269	0.7%
Miscellaneous	4,750,136	1.3%	Contingency/Reserves	33,104,011	9.3%
			Unappropriated Ending Funds		
Debt Proceeds	992,352	0.3%	Balance	36,133,122	10.1%
Interfund Transfers/Loans	13,914,206	3.9%			
Principal on					
Notes/Assessments	2,441,884	0.7%			
Total	\$356,233,444	100.0%	Total	\$356,233,444	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2003-04, page G-1.

Within the City's overall budget there are many funds, each with revenue sources and requirements. These funds provide an accounting of revenues and requirements for the City government. The different funds do not match the City's organizational structure, or the services provided, but fund accounting is required by law. In our analysis, we compare the City's costs to the costs of special districts in the River Road and Santa Clara areas. To do this, we have broken the budget down into its component parts and reassembled the data as products, services, and departments that can be compared to the special districts.

The City has six major fund categories. In the remainder of this chapter, we describe each fund and provide a summary of revenue sources, organized as follows:

- The **General Fund** accounts for resources traditionally associated with city government, and the monies are not required legally or by sound financial management to be accounted for in another fund.
- **Special Revenue Funds** account for the proceeds of certain revenue sources that are legally, or by policy, restricted to requirements for specific purposes. Examples include the Library Local Option Levy Fund, a property tax to support the City's library operations, and the Road Fund, which supports the maintenance and construction of the City's roads.
- **Debt Service Funds** account for payments on the principal and interest on outstanding debts. These include general obligation bonds (used to finance new capital projects), library bonds, and special assessment bonds.
- **Capital Project Funds** account for financial resources to be used for the acquisition or construction of major capital facilities other than those accounted for in specific funds. These include general and road capital projects funds and systems development capital projects funds, funded by a systems development charge levied against developing properties.
- **Enterprise Funds** are established to account for operations that are financed and operated in a manner similar to a private business enterprise, and are usually self-supporting. Examples include Emergency Medical Services, which is paid by user charges, and the Municipal Airport, which

generates revenue by renting airport terminal space to airlines, landing fees, and police and fire protection charges.

- **Internal Service Funds** account for fiscal activities when goods or services are furnished internally to other departments or agencies on a cost reimbursement basis. Charges are made to other departments or agencies to support the fiscal activities. Examples include the Fleet Fund for vehicles and their maintenance and the Information Systems and Services Fund, which provides data processing and reproduction, minutes recording, and printing, and graphic services.
- The last section provides a **Summary** of revenues the City collects, and how River Road/Santa Clara property owners would be impacted financially by annexation.

GENERAL FUND

The General Fund's resources are not dedicated to specific purposes and can be used for basic City services, primarily fire, planning, police, parks, recreation, culture, library and general administration. The City of Eugene's General Fund for Fiscal Year 2003-2004 is \$124.1 million. The General Fund accounts for about one-third of the City's total budget.

General Fund resources include property taxes, other taxes, user fees and fines, intergovernmental payments, beginning working capital and interfund transfers and loans. The General Fund's requirements include departmental operating costs, contingency, interfund transfers and loans, reserves, unappropriated ending fund balance¹, and other costs. Table 3-2 shows the basic categories and their amounts of resources and requirements for the City's General Fund.

Table 3-2. City of Eugene's General Fund resources and requirements, FY03-04

Resources	FY04	% of Total	Requirements	FY04	% of Total
Taxes	\$69,736,997	56.2%	Department Operating Budget	\$95,627,470	77.0%
Licenses/Permits	3,621,679	2.9%	Non-Departmental Budget		
Intergovernmental	2,328,761	1.9%			
Rental	65,900	0.1%			
Charges for Services	10,420,471	8.4%			
Fines/Forfeitures	2,910,080	2.3%			
Miscellaneous	777,448	0.6%			
			Debt Service	23,525	0.0%
			Contingency	340,000	0.3%
			Interfund Loans	62,500	0.1%
			Interfund Transfers	3,099,690	2.5%
			Unappropriated Ending Fund		
Interfund Transfers	7,784,955	6.3%	Balance	15,140,500	12.2%
Beginning Working Capital	26,486,798	21.3%	Intergovernmental	325,000	0.3%
			Reserve	9,514,404	7.7%
Total	\$124,133,089	100.0%	Total	\$124,133,089	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2003-04, page G-5.

¹ Unappropriated ending fund balance is an amount set aside to ensure that cash is available to fund operations during the first four months of the following fiscal year prior to the receipt of property taxes.

The department operating budget is, by far, the largest General Fund expenditure.² Throughout this report, much of discussion of revenues and costs will relate to the department operating budget.

In the remainder of this section, we first discuss the City of Eugene's General Fund requirements, and then the General Fund's resources.

GENERAL FUND REQUIREMENTS

Most of the General Fund's \$124 million in requirements are devoted to the Department Operating budget. As shown in Table 3-2, the Department Operating Budget in FY 03-04 was about \$95.6 million, or 77% of the General Fund. The non-departmental budget supports financial transactions and cash balances. These expenditure categories would not be directly affected by annexation.

The Department Operating budget would be affected by annexation. Table 3-3 shows the General Fund's Department Operating requirements. These are the day-to-day General Fund operating and maintenance expenditures necessary for running the City and providing services to residents. The Department Operating budget pays for services provided by individual City departments, and a large annexation of property and associated population would increase the demand for many of these services.

Table 3-3. General Fund, Department Operating requirements, FY03-04

Expenditures	FY04	% of Total
Central Services	\$20,866,861	21.8%
Fire & EMS	17,297,704	18.1%
Library, Recreation & Cultural Services	15,985,588	16.7%
Planning & Development	6,051,464	6.3%
Police	30,100,715	31.5%
Public Works	5,325,138	5.6%
Total	\$95,627,470	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2004, p. G.5.

Because the Department Operating budget pays for services provided by individual departments, we discuss the requirements in detail in the Chapters 4-13.

² Tables 3-1 and 3-2 both include an expenditure labeled "Department Operating Budget," but the figure in the Total Budget is much larger than the figure in the General Fund. The General Fund is a subset of the Total Budget and does not include special revenues allocated to particular services.

GENERAL FUND RESOURCES

In this section, we describe revenue sources for the General Fund. We've organized the revenue sources into the following categories:

- Property taxes
- Other taxes
- Licenses and permits
- Intergovernmental revenues
- Charges for services
- Fines and forfeits
- Rental and miscellaneous revenues.

PROPERTY TAXES

A variety of ballot measures passed since 1990 have changed the way that property taxes are raised in Oregon.³ Under the current system, local governments may collect property taxes through three different property tax tools:

- Their “permanent rate,” which funds the general operating and capital budgets of the taxing districts. The permanent rate is the upper limit of the tax rate and does not change.
- Local option levies are operating levies that can be passed by local governments to raise revenue beyond the permanent rate amounts.
- Bond levies are used to pay principal and interest for voter-approved bonded debt for capital improvements. Bond levies typically are approved in terms of dollars, and the tax rate is calculated as the total levy divided by the assessed value in the district.

Property taxes are calculated on the “assessed value” of an individual property. Assessed value does not equal real market value. For 1997-98, the assessed value of every property was reduced to 90% of its 1995-96 real market value. From 1998-99 onward, assessed value growth is limited to 3% per year. For new properties, assessed value is calculated by multiplying the real market value by the changed property ratio. The changed property ratio is established by Lane County by comparing assessed value to real market value for property of that type county-wide.

The City of Eugene’s **permanent property tax rate** equals \$7.0058 per \$1,000 in assessed value. Based on a total assessed value of \$8.8 billion, the City estimates it will receive \$59.2 million in permanent rate property taxes for Fiscal Year 2003-2004, including property taxes currently due and estimates for delinquent taxes from previous years to be collected.⁴

³ We've provided a more detailed description of Oregon's property tax system in Appendix C.

⁴ City of Eugene Annual Budget – Fiscal Year 2003-04, pp. G.58 and G.6.

Because property owners' property taxes pay only a portion of the costs for services, the City must raise the remainder of the departmental General Fund operating budget from other taxes and non-tax revenue sources, including user fees. Some services pay for themselves with user fees or other revenues, while other services rely more heavily on property taxes. In FY 03-04, departments generated \$20.2 million in revenue to pay for department operating expenditures. Net of such program revenue, the City generates \$75.4 million in non-dedicated revenue to the General Fund, including \$59.2 million in permanent rate property tax revenues. This means that the City's permanent rate generates about 78.5% of the non-dedicated revenue.

Local Option Levies are voter-approved levies for specific purposes. They do not support the General Fund. They support Special Revenue Funds, and are discussed in that section below.

City of Eugene property owners also pay a **bond levy** for debt service on General Obligation bonds. It does not support the General Fund. Bond levies support capital projects, and are discussed in that section below.

If the City annexed more properties in the River Road or Santa Clara areas, the City's total assessed value would increase. It would increase the City's property tax revenue generated through its permanent rate and certain local option levies. Total revenue collected through the permanent rate would increase in direct proportion to the assessed value of annexed properties. For other local option levies and bond levies, an increase in total assessed value would result in a lower tax rate for all taxpayers, rather than more revenue for the City.

TRANSIENT ROOM TAX AND CONTRIBUTION-IN-LIEU OF TAXES

The transient room tax is a sales tax on hotel rooms in the City of Eugene. It is applied to all lodging bills for stays of 30 days or less, is estimated to be \$1.2 million for FY03-04 and is used to support the Hult Center. Because most of the commercial areas in River Road and Santa Clara have already been annexed to the City, the City would not gain significant additional revenue from this tax if it were to annex the area.

Contribution-in-lieu of taxes (CILT) and other lieu of tax payments from businesses are based on a percent of revenues, and function similarly to a franchise fee. EWEB is the primary contributor of CILT payments to the City. EWEB's payments equal 6% of electric utility retail revenues and are estimated to be \$9.2 million for FY03-04. The City's other lieu of tax payments in FY03-04 total \$68,000. EWEB's payment is similar to a rate of return payment for the public's investment in the utility. EWEB is publicly owned by the citizens of Eugene, and the citizens benefit from EWEB's payment, because the payment supports the City's General Fund.

The CILT is collected for all electricity sales, regardless of the location of EWEB's customer. Therefore, unannexed properties in River Road/Santa Clara that purchase

electricity from EWEB are contributing to this revenue source.⁵ The City of Eugene has estimated that unincorporated River Road contributes about \$155,000 and unincorporated Santa Clara contributes about \$196,000 to the CILT payment.⁶

LICENSES AND PERMITS

City ordinances and State law allow the collection of fees for business licenses, permits, and franchises. The City generates about \$442,000 in revenue from licenses and permits.

- Business Licenses and Permits – The City collects approximately \$20,000 per year for business licenses. Businesses requiring licenses include public passenger vehicle companies (e.g., taxis and shuttles), sidewalk cafes near the University, and sidewalk/mall vendors. Because most commercial property in River Road/Santa Clara has been annexed, annexation would not impact this revenue source.
- Solid waste fees – The City collects approximately \$400,000 in solid waste fees. Garbage haulers pay the City fees based on gross receipts minus tipping fees (the volume-based fee at the landfill)—residential fees are 2% and commercial fees are 5% of gross receipts minus tipping fees.⁷ Annexation would impact the City's revenue and rates paid by garbage customers in River Road/Santa Clara. In order to estimate how annexation would impact the City's revenues, we assume that the City's population of approximately 144,000 people generates garbage at a comparable rate to River Road residents (population about 8,700) and Santa Clara residents (population about 12,700). The ratio of residential to commercial revenues varies year to year, but we will assume that 33% of the fees come from residential customers, and 67% come from commercial customers.⁸

If River Road and Santa Clara were annexed, those residents could experience a rate increase. The City requires a higher level of service. Most residential customers must have yard debris service in addition to garbage service (residents generating very little garbage are not required to have the expanded service). A resident with weekly pickup for a 32-gallon container could see rates increase from \$14.50 to \$17.70 per month. The City would receive increased revenue, as garbage haulers collected from more in-city customers. We estimate that annexing River Road would generate about \$8,000, and Santa Clara would generate \$12,000 in revenue.

⁵ Most properties in River Road/Santa Clara purchase electricity from EWEB. A small portion of northern Santa Clara is served by EPUD, and the City does not currently collect a CILT from EPUD.

⁶ Memorandum from Jim Carlson, Assistant City Manager to River Road Urban Services Study Citizen Committee and Santa Clara Urban Services Study Committee, November 15, 2001.

⁷ Personal communication with Alex Cuyler at the City of Eugene, May 14, 2004.

⁸ An approximation of the current revenue ratio. Personal communication with Alex Cuyler at the City of Eugene, May 14, 2004.

- Tobacco and liquor licenses – The City collects about \$5,000 for tobacco licenses and about \$17,000 for liquor licenses. A tobacco license is required of retailers of tobacco products in locations where persons under the age of 21 may have access to these products. The City charges a \$55 fee for a tobacco license, and after the license is established the annual fee equals \$35. A liquor license is required to sell any alcoholic beverage (as mandated by State law), and is required for bars and stores selling beer or wine. The license costs \$100 to establish, and then \$35 annually. If the establishment changes ownership, the fee is \$75. Special events (e.g., Eugene Celebration, Art in the Vineyard) are charged \$35.⁹ If the City were to annex River Road/Santa Clara, any stores selling cigarettes or alcohol would have to pay the fee to the City.

The City of Eugene requires franchise fees for telecommunications companies, natural gas suppliers and cable companies. Total revenue to the General Fund for Licenses and Permits is budgeted to be \$3.6 million. Non-City residents do not contribute toward these franchise fees. Annexation would positively impact revenue for the City of Eugene.

- Qwest – In the past, the City has collected a Right-of-Way fee from telecommunications providers. The fee is 7% of local exchange access revenues collected in the City's jurisdiction. This particular franchise fee is currently being litigated, and its future remains uncertain. It may or may not be collected in the future.¹⁰
- The City collects a 7% Right-of-Way fee from other telecommunications providers operating in the City's Right-of-Way. The fee is 7% of gross revenues collected in the City's jurisdiction. We were unable to estimate revenue impacts to the City. Unannexed telecommunications customers would possibly see their rates rise if they were annexed.
- Comcast Cable – The City expects to collect approximately \$1.0 million in FY03-04. The City collects a Right-of-Way fee from Comcast, equal to 5% of gross revenues collected in the City's jurisdiction.¹¹ Comcast was not able to provide estimates to ECONorthwest of the revenue collected in unannexed River Road and Santa Clara. But we can assume that the City's population of 144,000 people purchases cable service at a level comparable to River Road (population about 8,700) and Santa Clara (population about 12,700). Applying the ratio of population to revenue generated allows us to estimate that annexing River Road would generate about \$60,000 in revenue, and Santa Clara would generate about \$88,000. Cable rates paid by customers would not change because customers would no longer be required to pay the franchise fee to Lane County.

⁹ Personal communication with Eileen Moran at the City of Eugene Business License Office, May 19, 2004.

¹⁰ Personal communication with Pam Berrian at the City of Eugene, May 14, 2004.

¹¹ Personal communication with Pam Berrian at the City of Eugene, May 14, 2004.

- Northwest Natural Gas – The City expects to collect about \$1.3 million in FY03-04 in franchise fees. The City collects a Right-of-Way fee from Northwest Natural Gas, equal to 5% of gross revenues collected in the City’s jurisdiction.¹² Northwest Natural Gas was not able to provide estimates to ECONorthwest of the revenue collected in unannexed River Road and Santa Clara. But we can assume that the City’s population of 144,000 people purchases gas service at a level comparable to River Road (population about 8,700) and Santa Clara (population about 12,700). Applying the ratio of population to revenue generated allows us to estimate that annexing River Road would generate about \$78,000 in revenue, and Santa Clara would generate about \$115,000. Gas customers would experience a corresponding rise on their gas bills.

INTERGOVERNMENTAL REVENUES

Intergovernmental revenues include State-shared revenues and grants from Federal, State or local governments and agencies. Of these revenue sources, only State-shared revenues would be directly impacted by annexation. Grants may be affected by annexation, because some are based on a City’s population. But because grants are not a predictable source of revenue, they may be distributed one year but not the next; we do not try to estimate how they would be impacted by annexation.

State-shared revenue is distributed to local governments primarily on a per capita basis. The City of Eugene expects to receive a total of \$2.3 million in FY03-04 for State-shared revenue contributions to the General Fund. Because the amount changes every year, and local population estimates are not completed until mid-fiscal year, the City’s budget can only approximate what it will actually receive from the state. City staff calculates expected revenues using past per capita rates and projected population estimates. There are three different categories of State-shared revenues, described below.

- State Revenue Sharing is based on alcohol revenue. The City calculated that it receives \$5.73 per capita in FY03-04.
- State Alcoholic Beverage Tax is based on alcohol revenue. The City calculated that it receives \$8.71 per capita in FY03-04.
- State Cigarette Tax is based on cigarette sales. The City calculated that it receives \$1.90 per capita in FY03-04.

If the City were to annex more properties in the River Road or Santa Clara areas, the City’s total population would increase, thus increasing total State-shared revenue. Table 3-4 shows current revenues the City collects, and estimates of the revenues the City would collect if it annexed River Road and Santa Clara, based on FY 03-04 per capita receipts.

It is important to note that Table 3-4 likely overestimates the revenue the City would receive from these resources. The revenue come from a pool of money collected by

¹² Personal communication with Pam Berrian at the City of Eugene, May 14, 2004.

the State of Oregon, and the monies are then distributed to cities based on population. Annexing River Road/Santa Clara would not change the amount that goes to the total pool of money. The total number of people getting a share of the pool would increase, so every individual's share would become slightly smaller. The City of Eugene would receive a slightly bigger portion of the pool, but the per capita rate would decline.

Table 3-4. Potential State-shared revenue if River Road/Santa Clara were annexed, based on FY03-04 per capita distribution

Revenue Source	Population ¹	State Revenue Sharing	Alcoholic Beverage Tax	Cigarette Tax	Total
Revenue per Capita		\$5.73	\$8.71	\$1.90	\$16.34
City of Eugene	144,000	\$825,120	\$1,254,240	\$273,600	\$2,352,960
River Road	8,700	49,851	75,777	16,530	142,158
Santa Clara	12,700	72,771	110,617	24,130	207,518
Total	165,400	\$947,742	\$1,440,634	\$314,260	\$2,702,636

1. River Road and Santa Clara population based on Census 2000 figures, as reported by Lane Council of Governments.

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2003-04, p. G.58. Revenue rates provided by Larry Hill at the City of Eugene.

CHARGES FOR SERVICES

Charges for services are fees for services provided to the public or to other agencies. Charges for service are set at rates to partially or completely offset the cost of providing the services. The City charges for a wide variety of services, including (but not limited to) recreational fees, Hult Center and Cuthbert Amphitheater tickets, bike map sales, clean up of hazardous materials spills, and University of Oregon Police charges. The City expects to generate \$10.4 million in charges for service revenue in the General Fund in FY03-04.

The City also collects charges for services that do not go to the General Fund. For example, residents pay the City for wastewater (sewer) service, and the revenue is directed to the wastewater fund. The monies cannot be used for General Fund activity.

If the City were to annex the River Road or Santa Clara areas, the City may receive reduced revenues from some charges for services and increased revenues for other charges for services. Others would not change at all. For example, the City charges the River Road Water District for fire and EMS service. If River Road were annexed, the City would no longer collect that revenue, but those ratepayers would begin paying City property taxes. If the City were to take over operating the River Road Park and Recreation District's Emerald Park, the City would begin to collect the District's fees for recreational services. Annexation would be unlikely to impact ticket sales at the Hult Center or the Cuthbert Amphitheater, and that revenue would

not change. We discuss the fiscal impacts of specific charges for services in the services chapters.

FINES AND FORFEITS

Fines and forfeits are generated by the Municipal Court, Library, and Animal Control and charged for traffic violations, overdue library materials, and violations of City Code. The City expects to generate about \$2.9 million in FY03-04 in fines and forfeits, and \$2.5 million (89%) of that come from Court fines and forfeits.

If the City were to annex more properties in the River Road or Santa Clara areas, the City's revenue from fines and forfeits are unlikely to increase significantly.

RENTAL AND MISCELLANEOUS REVENUES

The City expects to generate about \$66,000 in rental income and \$777,000 in miscellaneous income. Rental income is generated from users of property owned by the City, such as park facilities. Miscellaneous revenue includes interest payments, proceeds from the sale of impounded items, donations, sponsorships and other revenues.

If the City were to annex all of the River Road or Santa Clara areas, and if it took over all the facilities currently owned by the River Road Parks District, the City would begin to collect rental income associated with Emerald Park in the River Road area.

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of certain revenue sources that are legally restricted to requirements for specific purposes. The City has 11 Special Revenue Funds, and most of them would not be impacted by annexation, or would only be indirectly impacted by annexation. Three of them would be directly impacted by annexation. In this section, we first discuss the three special revenue funds that would be directly impacted by annexation: Library Local Option Levy; Youth and School Services Levy; and the Road Fund. We then briefly describe the remaining eight special revenue funds.

LIBRARY LOCAL OPTION LEVY

The Library Local Option Levy is a voter-approved levy for a specific purpose. The maximum length of time for a local option levy is 10 years for capital and 5 years for operating purposes. Local Option Levies require a "double majority," except in a general election, for approval by the voters.¹³ There is no guarantee that voters will approve an extension of a local option levy.

¹³ A double majority means that at least 50% of registered voters vote in an election, and a majority of those voters pass the levy.

The Library Local Option Levy pays to partially operate the main downtown library and to operate the branch libraries. The library levy is a four-year levy for \$19.6 million, approved in 2002. In Fiscal Year 2003-04, the levy tax rate is estimated at \$0.5542 per \$1,000 in assessed value, and it will generate an estimated \$4.5 million.¹⁴ The levy per \$1,000 in assessed value can change in the future, based on any changes in total assessed value in the City and changes in the amount of a future levy.

If the City annexed more properties in the River Road or Santa Clara areas, the City's total assessed value would increase. The revenue generated by the Library Local Option Levy will not change. The levy was designed to generate a specific amount of revenue, and the rate fluctuates with the value of assessed property. Thus, annexing a large area would not cause the Library Levy revenue to change, but the rate experienced by individual property owners would decline. We estimate that, if the City were to annex all of River Road and Santa Clara, the levy would drop from a budgeted rate of \$0.5542 to \$0.5033 per \$1,000 in assessed value.¹⁵

YOUTH AND SCHOOL SERVICES LEVY

The Youth and School Services Levy was approved by Eugene voters in November 2002. Most of the revenue is passed through to local school districts. The Bethel and 4J Districts receive 93% of the proceeds, which will support school nurses, counselors and librarians, student activities, athletics, elementary music, and physical education. The City will use the remaining 7% of the proceeds for youth services, such as the 'Summer Fun for All' program. Unincorporated River Road and Santa Clara residents are within the 4J School District, so those residents benefit from the revenue generated from City of Eugene property owners.

The Youth and School Services Local Option Levy is \$0.86 per \$1,000 in assessed value and is expected to raise \$7.2 million in Fiscal Year 03-04. This levy was established as a rate, so the rate per \$1,000 in assessed value will not change, even if the City's total assessed value changes.¹⁶

If the City annexed all of the River Road or Santa Clara areas, the City's total assessed value would increase. Overall, it would increase the City's total property tax revenue. Total revenue collected by the Youth and School Services Levy would increase in direct proportion to the assessed value of annexed properties, or by an estimated \$0.7 million. Of the potential increase in revenues, the City would pass on 93%, or about \$650,000, to the Bethel and 4J Districts and would use about \$50,000 for City programming.

¹⁴ The actual levy rate is \$0.5492 per \$1,000 in assessed value. The City budgeted rate is estimated based on an estimated assessed value figure.

¹⁵ Levy projections exclude any potential impact of Measure 5 compression.

¹⁶ Levy projections exclude any potential impact of Measure 5 compression.

ROAD FUND

The Road Fund accounts for maintenance and construction of the City's roads. For FY03-04, the City of Eugene budgeted \$6.8 million in intergovernmental revenues for the Road Fund.¹⁷ Most of these monies (\$5.6 million) come from State Highway Trust Fund. State Highway Trust Fund revenues are from the state motor fuel tax of \$0.24 per gallon, state weight-mile taxes for heavy vehicles, and fees for motor vehicle registration, fines and licenses. The State keeps 60% of the revenue, distributes 24% to counties based on each county's proportion of registered vehicles to the statewide total of registered vehicles and distributes 16% to cities based on the ratio of population to the statewide population within cities.

Lane County also pays the City of Eugene \$1.2 million annually under the County/City Road Partnership Program (formerly the Urban Transition Program). This funding is based on the number of City road miles within the City divided by the total number of City road miles within the County. The monies may only be used for road-related purposes following the same Oregon constitutional guidelines as State Highway Trust Fund revenues.

If the City annexed more of the River Road/Santa Clara area it would potentially receive increased State Highway User Taxes and Fees, which are partially based on population, and County/City Road Partnership Program revenues, which are based on miles of City streets. The City costs for street maintenance would increase as the City acquired more streets.

OTHER SPECIAL REVENUE FUNDS

The **Community Development Fund** accounts for monies provided by grants from the U.S. Department of Housing and Urban Development used to subsidize loans to individuals and businesses.

The **Construction Permits Fund** accounts for construction permit activities. The fund is primarily supported by construction permit fees. Current City policy requires that redevelopment that includes additional dwelling units and new development that requires a permit be annexed to the City. Because the City already collects permit fees generated by activity in River Road/Santa Clara, if the City were to fully annex River Road/Santa Clara, revenues would not change from their current status.

The **Interagency Narcotics Enforcement Team Fund** generates revenues from intergovernmental agreements with interagency partners. It receives non-Departmental General Fund support of about \$195,000 in FY03-04.

The **Library, Parks and Recreation Fund** accounts for contributions from private donors to support the City's libraries, parks, and recreation facilities.

¹⁷ The City of Eugene Annual Budget – Fiscal Year 2003-04 includes total Intergovernmental Revenue to the Road Fund of \$6.8 million. However, the Public Works Department projects Intergovernmental Revenues to total \$7.2 million for Fiscal Year 03-04.

The **Partnerships for Youth Fund** accounts for revenue collected through the Partnerships for Youth Levy, approved by the voters in November 2000. The Levy has expired, and is no longer collected.

The **Public Safety Answering Point Fund** supports the City's call-taking and emergency dispatch center, operated by the Police Department. The fund is primarily supported by intergovernmental revenues and charges for services.

The **Special Assessment Management Fund** accounts for the assessment and hardship deferral program. It is supported by an administrative charge on assessments and proceeds from the sale of properties deeded to the City upon foreclosure. If the City annexed all of River Road/Santa Clara, revenues to the City would increase if properties in those areas that had assessments were foreclosed.

The **Transportation Utility Fund** accounts for operating and maintaining the City's transportation utility system. Revenues are generated by a local gas tax. Most commercial areas in River Road/Santa Clara are annexed, so most of the area's gas stations are already collecting the gas tax.

DEBT SERVICE FUNDS

Debt Service Funds account for payments on the principal and interest on outstanding debt. These include general obligation bonds, library bonds, and special assessment bonds.

GENERAL OBLIGATION BONDS

City of Eugene property owners pay a bond levy for debt service on General Obligation bonds. The City of Eugene uses General Obligation Bonds to pay for large capital projects, such as building a new fire station. Bonds are certificates of debt guaranteeing payment of the original amount (principal) plus interest on a specified schedule.

General Obligation Bonds are secured by the issuing government's taxing power. Debt service is typically paid by the bond rate component of property taxes. General Obligation Bonds require a double majority approval of the voters, except in general elections.

As of June 30, 2004, the City of Eugene will have total General Obligation bonded debt outstanding of \$45,955,000. Debt service for General Obligation Bonds is \$3,962,264 for Fiscal Year 2003-2004 and \$4,399,271 for FY04-05.

For Fiscal Year 2003-2004, the City of Eugene's budgeted bond rate is \$0.4242 per \$1,000 in assessed value. For our analysis, we calculated the portion of the debt service that is attributable to public safety services and the portion attributable to parks and open space. The City of Eugene has two outstanding General Obligation Bond issuances for Public Safety capital facilities with total remaining principal of

\$24.1 million.¹⁸ For FY03-04 the City of Eugene will pay \$2.3 million in debt service for capital debt for Public Safety. We have calculated that debt service for Public Safety capital debt accounts for approximately \$0.24 of the \$0.4242 budgeted bond rate. In 1999, the City of Eugene issued \$19 million in General Obligation Bonds for parks and open space acquisition and development with a current remaining principal of \$17 million. For Fiscal Year 2003-2004 the City of Eugene will pay \$1.6 million in debt service for capital debt for parks and open space. We have calculated that debt service for parks and open space capital debt accounts for approximately \$0.17 of the \$0.4242 bond rate. The remaining estimated \$0.01 of the \$0.4242 bond rate is used for debt service on General Obligation Refunding Bonds.

The bond levy fluctuates for two reasons. One, the debt service due changes annually. Two, the levy per \$1,000 in assessed value can change in the future, based on any changes in total assessed value in the City. If the City increases its total assessed value, the levy is spread over a larger base, so the tax burden for individual property owners will decrease. Thus, a large annexation would slightly reduce the tax burden for existing City property owners, all other things remaining equal.

LIBRARY BONDS DEBT

This fund accounts for debt service on bonds to construct the new downtown library. The fund's primary resource is from tax increment financing raised by the Urban Renewal Agency. Total costs for planning and construction of the new library were \$36.2 million. The City has issued \$18,500,000 in Library bonds to pay for a portion of the library project. These bonds differ from General Obligation bonds, which are paid through property taxes specifically levied to support capital development. Other funding sources for the new library included private donations, local option levy proceeds, urban renewal cash contributions, asset sales, and other miscellaneous sources.

The Library bonds are expected to be paid with Urban Renewal Agency tax increment revenues. In the unlikely event that sufficient urban renewal revenues are not available, the City will make the debt service payments out of the City's General Fund.¹⁹

For Fiscal Year 2003-2004 the City of Eugene will pay \$2,354,125 in debt service for the Library bonds. These debt service payments are not included in the General Obligation property tax rate for debt service.

SPECIAL ASSESSMENT BOND FUND

This fund accounts for special assessment receivables and servicing the related debt. Special Assessment Bonds are self-supporting bonds paid from assessment payments by property owners who benefit from the construction of public improvements such

¹⁸ The General Obligation bonds were issued for fire and EMS facilities and for the 911 Call Center. The majority of the bond proceeds funded fire and EMS facilities. For the purposes of this discussion we attribute all Public Safety capital debt service to the Fire and EMS department.

¹⁹ Urban Renewal Agency, Summary of Urban Renewal Support for the Library Financing Plan, June 11, 2003.

as sidewalks or sewer systems. Special Assessment Bonds do not require voter approval.

CAPITAL PROJECT FUNDS

Capital Funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those accounted for in specific funds. There are three categories of Capital Projects Funds in Eugene:

The **General and Road Capital Projects Fund** accounts for capital facilities not financed by proprietary funds. Most of the monies in the fund come from intergovernmental sources, including Federal and State grants and the City's General Fund.

The **Special Assessment Capital Projects Fund** accounts for interim financing of construction of public improvements that primarily benefit the property owners against whose properties special assessments are levied.

The **Systems Development Capital Projects Fund** accounts for construction of the non-assessable portion of capacity-enhancing capital projects. The fund is primarily financed by a systems development charge levied against developing properties, and may only support capacity-enhancing construction of transportation, sewers, storm sewers, and parks.

ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to a private business enterprise, and are usually self-supporting. The City of Eugene has five categories of Enterprise Funds.

The **Emergency Medical Services Fund** accounts for the operations of emergency medical services provided by the Fire and EMS department. The Fund receives no tax revenue from Eugene property owners. The Fund's revenue is generated by user charges.

The **Municipal Airport Fund** accounts for operations of the municipal airport. It generates revenue by renting airport terminal space to airlines, landing fees, and police and fire protection charges. Other revenues come from a passenger facility charge, charged to airline passengers, and the Federal Aviation Administration. The Fund receives no tax revenue from Eugene property owners.

The **Parking Services Fund** accounts for City-owned parking facilities. Parking fees, fines, and rental revenue support the operation and maintenance of parking facilities. The Fund receives no tax revenue from Eugene property owners. This Fund transferred about \$800,000 to the General Fund in FY03-04.

The **Stormwater Utility Fund** accounts for stormwater management programs. The primary revenue source is stormwater fees. The Fund receives no tax revenue

from Eugene property owners. We discuss stormwater management in detail in Chapter 10.

The **Wastewater Utility Fund** accounts for the construction and maintenance of the wastewater (sewer) collection and treatment system. The primary revenue source is wastewater fees. The Fund receives no tax revenue from Eugene property owners. We discuss wastewater in detail in Chapter 12.

INTERNAL SERVICE FUNDS

Internal Service Funds account for services that are furnished internally to other departments or agencies on a cost reimbursement basis. The City of Eugene has four internal service funds.

The **Facilities and Fleet Services Fund** accounts for facility maintenance services on City buildings, the purchase of vehicles and equipment and the maintenance of vehicles and equipment. The City charges its departments facility maintenance rates based on square footage of facilities. Such charges are set to recover the full cost of the maintenance services and are included in departmental operating budgets. Fleet user charges cover vehicle and equipment maintenance requirements and are also included in departmental operating budgets.²⁰

Expenditures for the purchase of new General Fund vehicles are also made from the Facilities and Fleet Services Fund. However, such expenditures are not included in departmental operating budgets.²¹ The City of Eugene transfers General Fund monies from the non-operating budget to the Facilities and Fleet Services Fund for the purchase of vehicles for General Fund departments and uses. For Fiscal Year 2003-2004, the City transferred \$975,600 from the General Fund for new vehicles.²² Therefore, to reflect the General Fund costs for vehicles for specific services we must allocate the General Fund transfer for vehicles to the General Fund department costs. Table 3-5 shows the allocation of General Fund Fleet purchases to Central Services, Fire, Library, Recreation and Cultural Services, Police and Public Works.

²⁰ City of Eugene Annual Budget – Fiscal Year 2004, p. G.35.

²¹ Personal Communication with Katherine Murdoch, City of Eugene Budget Director, May 18, 2004.

²² City of Eugene Annual Budget – Fiscal Year 2004, p. G.35 and p. F.9.

Table 3-5. Allocation of General Fund fleet costs

Department	Portion of General Fund Fleet Value¹	Allocation of General Fund Fleet expenses
Central Services	1%	\$9,756
Fire	57%	556,092
Library, Recreation and Cultural Services	4%	39,024
Police	23%	224,388
Public Works	15%	146,340
Total	100%	\$975,600

1. City of Eugene Fleet Task Team 2003 Part 2_Final, p. 20.

Source: Compiled by ECONorthwest with data from City of Eugene Fleet Task Team 2003 Part 2_Final and City of Eugene Annual Budget – Fiscal Year 2004, p. G.35 and p. F.9

For the purposes of our discussion we allocate the General Fund costs for Library, Recreation and Cultural Services and Public Works to parks, recreation and cultural services because those services of the Library, Recreation and Cultural Services and Public Works Departments use more General Fund monies for vehicles purchases than other services in those departments. We discuss these costs in the chapters discussing individual City services.

The **Information Systems and Services Fund** accounts for data processing and reproduction, minutes recording, and printing and graphic services that the City provides to other City Funds and outside agencies. The Fund generates revenue through user charges.

The **Professional Services Fund** accounts for engineering services performed by public works personnel for other City Funds and outside agencies. The Fund generates revenue through user charges.

The **Risk and Benefits Fund** is an internal service fund to account for costs of the workers' compensation program, unemployment compensation, general liability and employee medical and dental insurance and for the City's pension obligation bonds.

SUMMARY

In this section, we summarize how annexation of River Road and Santa Clara would impact the City's revenues and the affected property owners and residents. Annexation would not impact all of the City's revenue sources. Here we discuss impacted sources: property taxes, other taxes, fees, intergovernmental revenues, and fines and forfeits.

PROPERTY TAXES

In Fiscal Year 2003-04, the City budgeted gross property taxes of \$8.84 per \$1,000 in assessed value. Table 3-6 shows all the levies and their budgeted rates, and property tax estimates for two homes, one representing the approximate average assessed

value for homes in Eugene, one representing the approximate average in the unincorporated areas of River Road and Santa Clara.

Table 3-6. City of Eugene's property taxes, budgeted rates, and estimated taxes due for typical homes in Eugene and River Road/Santa Clara, FY03-04.

Levy Classification	Property Tax Rate (Dollars per \$1,000 in Assessed Value)	Property Tax Due for Assessed Value of \$150,000 ¹	Property Tax Due for Assessed Value of \$115,000 ²
Permanent Rate	\$7.0058	\$1,051	\$806
Library Local Option Levy	0.5542	83	64
Youth and School Services Levy	0.86	129	99
Debt Service	0.4242	64	49
Total	\$8.8442	\$1,327	\$1,018

1. Approximate average assessed value within the City of Eugene.

2. Approximate average assessed value within River Road/Santa Clara.

Source: Calculated by ECONorthwest based on the City of Eugene Annual Budget – Fiscal Year 2003-04, pp. A.26 and G.58.

The City of Eugene will levy \$78.5 million of property taxes in FY03-04, but it expects to receive a net amount of \$74.6 million dollars. The difference is due to estimates for delinquent taxes—not all property owners pay their taxes. The City of Eugene estimates a 93% collection rate for property taxes. Table 3-7 summarizes the budgeted revenue for the different property taxes in FY03-04.

Table 3-7. Expected property tax revenue, City of Eugene, FY03-04

Levy Classification	Expected Revenue
Permanent Rate	\$59,239,833
Library Local Option Levy	\$4,602,500
Youth and School Services Levy	\$7,191,058
Debt Service	\$3,608,808
Total	\$74,642,199

Source: City of Eugene Annual Budget – Fiscal Year 2003-04, pp. G.6, G.16, G.24, and G.24.

If the City annexed more properties in the River Road or Santa Clara areas, the City's total assessed value would increase. Overall, it would increase the City's total property tax revenue. Total revenue collected by the permanent rate and the Youth and School Services Levy would increase in direct proportion to the assessed value of annexed properties. The revenue generated by the Library Local Option Levy and for debt service on General Obligation Bonds will not change. Because those levies are designed to generate a specific amount of revenue, the rate fluctuates with the value of assessed property. Thus, annexing a large area would not cause the Library Levy and the General Obligation Bond Debt Service revenue to change, but the rate experienced by individual property owners would decline. Table 3-8 shows estimated potential tax revenues and reduction in rates of the library and debt service levies if the City annexed all of the River Road and Santa Clara in Fiscal Year 2003-2004.

Table 3-8. Potential property tax rates and revenue if River Road/Santa Clara were annexed, FY03-04

Levy	City of Eugene	Unannexed River Road	Unannexed Santa Clara
Total Assessed Value	\$8,800,000,000	\$362,929,472	\$527,582,045
Rate-Based Levies			
Permanent Rate (7.0058)	\$61,651,040	\$2,542,611	\$3,696,134
Youth and School Services (0.86)	\$7,568,000	\$312,119	\$453,721
Other Levies - Calculated Rate			
Library Local Option Levy	0.5033	0.5033	0.5033
Debt Service	0.3852	0.3852	0.3852
Other Levies - Calculated Revenue			
Library Local Option Levy	\$4,429,040	\$182,662	\$265,532
Debt Service	\$3,389,760	\$139,800	\$203,225
Total Property Taxes	\$77,037,840	\$3,177,193	\$4,618,611

Note. These figures assume that 100% of property owners pay property taxes in full.

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2003-04, p. G.58; Assessed values for unannexed areas from LCOG.

Property owners would pay increased property taxes under annexation to the City of Eugene. The increase in property taxes would be partially offset by the reduction in property taxes to other service providers. Property owners would no longer pay property taxes to the River Road Park and Recreation District, the River Road Water District or the fire districts in Santa Clara. Property owners would, however, continue to pay property taxes to Lane County, the school districts and Lane Community College.

All properties annexed into the City of Eugene would experience an increase in property taxes. Such an increase in property taxes would be partially offset by the reduction in property taxes to other service providers. Annexation would increase the City's total revenue for the rate-based levies only. Annexation would not impact the City's revenue for the other levies. Annexing River Road/Santa Clara would, however, cause the property tax *owed* by individual property owners within the City to decline. We estimate that the budgeted rate for the Library Local Option Levy would decrease from \$0.5542 to \$0.5033 and the budgeted rate for General Obligation debt service would decrease from \$0.4242 to \$0.3852.

A typical home in the City of Eugene assessed at \$150,000 would owe less in property taxes, dropping from \$1,327 to \$1,313, a decline of \$14 dollars. A typical home in River Road/Santa Clara would pay \$1,007 to the City of Eugene if all of River Road/Santa Clara were annexed.

OTHER TAXES

The City collects CILT payments from EWEB based on EWEB's gross revenues from the sale of electricity. The CILT is collected for all electricity sales, regardless of the location of EWEB's customer. Therefore, unannexed properties in River Road/Santa Clara that purchase electricity from EWEB are contributing to this revenue source.²³ The City of Eugene has estimated that unincorporated River Road

²³ Most properties in River Road/Santa Clara purchase electricity from EWEB. A small portion of northern Santa Clara is served by EPUD, and the City does not currently collect a CILT from EPUD.

contributes about \$155,000 and unincorporated Santa Clara contributes about \$196,000 to the CILT payment.²⁴

FEES

Solid waste fees—We estimate that annexing River Road would generate about \$8,000, and Santa Clara would generate about \$12,000 in City revenue. Rates paid by garbage customers would increase because the City requires a higher level of service than the County.

Comcast Cable—The City and the County collect a 5% Right-of-Way fee from Comcast. We estimate that annexing River Road would generate about \$60,000, and Santa Clara would generate about \$88,000 in City revenue. Cable rates paid by customers would not change because the County also charges a Right-of-Way fee.

Northwest Natural Gas—The City collects a Right-of-Way fee from Northwest Natural Gas, equal to 5% of gross revenues collection in the City's jurisdiction. We estimate that annexing River Road would generate about \$78,000, and Santa Clara would generate about \$115,000 in City revenue. Gas customers would experience a corresponding rise on their gas bills.

INTERGOVERNMENTAL REVENUES

State-shared revenue is primarily distributed to local governments on a per capita basis. The City would generate increased revenue from the three categories of State-shared revenues. We estimate that if the City annexed all of River Road, it would receive an additional \$142,000, and if it annexed all of Santa Clara, it would receive an additional \$208,000 in FY03-04.

²⁴ Memorandum from Jim Carlson, Assistant City Manager to River Road Urban Services Study Citizen Committee and Santa Clara Urban Services Study Committee, November 15, 2001.

OVERVIEW

The City of Eugene has centralized many administrative and financial functions in the Central Services Department. We will discuss many of the functions of the Central Services Department together because they provide centralized financial and administrative services to the public and to other City departments. However, we will briefly describe the direct services provided by Central Services, including Animal Control, Municipal Court, and the Prosecutor's Office, separately.

The remainder of this chapter is organized as follows:

- **Understanding the service** describes how the City of Eugene provides central administrative services and direct central services, and describes the issues and analytical concerns associated with delivering the services.
- **Fiscal analysis of Central Services** describes the costs to provide direct and indirect central services.
- **Conclusions** provides a summary of central services.

UNDERSTANDING THE SERVICE

City governments provide direct services supported by indirect services. Direct services are those services that residents are most familiar with, such as libraries, swimming pools, and fire stations. Indirect services are the functions of City departments that do not have much public interaction: payroll, human resources, and financial management. These indirect services are necessary to the provision of direct services. For example, a city recreation center could not function without human resources.

Central Services has organized the eleven divisions listed above into five primary functions.¹ The **City Manager's Office** provides administrative and research assistance to elected and appointed officials, implements City Council directives, coordinates the City's intergovernmental relations and manages the human rights programs.

Finance and Court Services includes financial analysis and reporting, purchasing, accounts payable, accounts receivable, assessments, cashing and collections, payroll, treasury management, the low-cost spay and neuter clinic, and processing violations of the City Charter and City ordinances, including State traffic laws adopted by ordinance.

¹ City of Eugene Central Services Department, <http://www.ci.eugene.or.us/ASD/asd.htm>.

Human Resource and Risk Services is responsible for managing centralized hiring, benefits, and pay, the City's work policies and labor contracts, the City's diversity efforts, liability and property claims, workers' compensation claims, and emergency preparedness activities.

Information Services is responsible for implementing and maintaining the City's telephone and computer networks, including electronic mail, voice mail, voice processing, faxing, internet, and intranet, providing mail services, and managing copy machines.

Facility Management builds, operates, and maintains all City owned facilities. The division also manages the design and construction of new public facilities and administers the Citywide energy management program.

ISSUES AND ANALYTICAL CONCERNS

INDIRECT SERVICES

All City departments rely on the indirect services provided by the Central Services Department for general management of the City staff, human resources, budgeting, and policy direction. The Central Services Department calculates indirect central services allocations based on the applicable Central Services costs and departmental administration costs.

Non-General Fund divisions and functions pay the estimated cost of administrative services, so that the General Fund does not bear the costs that should be paid for with these other funds. For example, the Stormwater Fund pays for its share of Central Services so that administrative and financial costs are reflected in the Stormwater budget and charged to users of Stormwater services. The City does not budget its administrative services within General Fund divisions and functions' budgets, because it would only result in a transfer of General Fund money from one division of the budget to another.

Although the City does not charge General Fund divisions and functions for administrative services, throughout our analysis of urban services we have allocated that cost to each urban service so that the total cost of delivering the service is accounted for and presented as accurately as possible. We also include such costs so that all of the services are presented comparably. Because we allocate a portion of Central Services costs to other divisions and functions, we subtract those costs from the Central Services budget for the purposes of our Fiscal Analysis.

DIRECT SERVICES

The Central Services Department includes several direct service divisions:

- Animal Control, including the Spay/Neuter Clinic.
- Facilities Management, which maintains General Fund City-owned buildings and facilities, including City Hall parking and the park blocks.

- Municipal Court, which adjudicates violations of Eugene’s municipal laws and traffic violations occurring within city limits.
- The Prosecutor’s Office, which is responsible for the prosecution of all crimes in Eugene’s Municipal Court.

The direct services provided by the Central Services Department are funded by the General Fund. The General Fund receives the majority of its funding from property taxes, which are not dedicated to specific purposes and can be used for general City services. However, these direct services, especially Municipal Court, contribute monies to the General Fund. In fact, Municipal Court contributes to the General Fund about 84% of the amount of General Fund monies it expends. Therefore, to properly describe the cost of the direct service to the City’s General Fund, we subtract the direct services revenues contributed to the General Fund.

FISCAL ANALYSIS OF CENTRAL SERVICES

Central Service’s operating and maintenance budget for Fiscal Year 2003-2004 is \$51.3 million and includes \$18.2 million for personnel, \$32.9 million for services and materials, and \$226,000 for capital outlay.² The City of Eugene accounts for Central Services in nine funds, summarized in Table 4-1. The General Fund accounts for 41% of the total budget.

Table 4-1. Funds for operating and maintenance budget, FY 2003-2004.

Fund	Dollars	Percent of O&M Budget
General Fund	\$20,866,861	40.7%
Special Assessment Management Fund	225,749	0.4%
Community Development Fund	6,000	0.0%
General Capital Projects Fund	2,500	0.0%
Parking Fund	423,139	0.8%
Facilities/Fleet Services Fund	5,892,598	11.5%
Information Systems and Services Fund	5,590,268	10.9%
Risk Management Fund	17,116,526	33.4%
Professional Services Fund	1,174,458	2.3%
Total	\$51,298,099	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2004.

The Central Services Department has many different cost categories, which can be organized into:

- Direct service costs,
- Indirect service allocations to non-General Fund departments, and

² Capital outlay is considered part of the O&M budget, and includes the purchase of items that cost less than \$5,000.

- Indirect service allocations to General Fund departments.³

We first discuss the direct service costs, then the indirect service allocations for non-General Fund and General Fund departments.⁴

DIRECT SERVICE COSTS

General Fund direct service costs in the Central Services Fiscal Year 2003-2004 budget total \$4.6 million. The direct services operations and maintenance (O&M) budget has two cost categories within the General Fund:

- O&M includes expenditures for personnel, supplies, equipment and fleet and facilities maintenance.
- Central administrative services are the City's central business functions, such as human resources.

Table 4-2 shows the General Fund budgeted amounts for expenditures for personnel, supplies, equipment and fleet and facilities maintenance for all direct services in the Central Services Department.

Table 4-2. Direct Central Services General Fund costs, FY 2003-2004

Direct Services	Budget Amount
Animal Control	\$804,011
City Prosecutor's Office	579,710
Facility Management	439,961
Municipal Court	2,819,940
Total	\$4,643,622

Source: City of Eugene Annual Budget – Fiscal Year 2004.

Central administrative services are not included in the direct services division budgets. Instead, such indirect services (such as payroll services and central administration) are budgeted in separate divisions within the Central Services budget. To show actual operating and maintenance costs associated with providing direct Central Services, indirect costs for Central Services must be added on to the direct services' General Fund operating and maintenance expenditures. The Central Services cost allocation for the direct services is \$0.3 million.

To calculate the property tax contribution to the provision of services we need to reduce our calculation for total General Fund costs by the amount of revenue that a particular service contributes to the General Fund. We have calculated total General Fund costs for direct Central Services to be \$4.6 million. The direct services divisions

³ Fleet acquisition costs are for new or replacement vehicles, and are included in the Fleet Fund. Total estimated fleet acquisition costs for Central Services of \$10,000 per year are too small to impact property taxes.

⁴ We do not include the \$1.5 million Area Information Records System (AIRS) project, which is the shared main frame database previously used by all central Lane County public safety agencies for records management, or the \$1.1 million in General Fund costs of Telecommunications, because these programs are not supported by property taxes.

contribute \$3.0 million in revenue to the General Fund. Thus, General Fund costs that are not covered by revenue generated by the direct services total \$1.9 million. We calculated the property tax contribution to this amount by determining what percent of nondedicated General Fund revenue these direct services costs account for. We then multiplied that portion by the permanent property tax rate of \$7.0058 to determine the direct services' portion of the permanent rate. Table 4-3 shows the contribution of property taxes by service to the General Fund operating budget for direct Central Services.

Table 4-3. Property Tax Contribution to direct Central Services Operating and Maintenance Expenditures, FY 2003-2004

Direct Services	Budget Amount	Calculated Overhead	Revenues to the General Fund	Net General Fund Costs	Calculated Portion Covered by Property Taxes
Animal Control	\$804,011	\$31,000	(\$347,211)	\$487,800	\$0.05
City Prosecutor's Office	579,710	46,000	0	625,710	\$0.06
Facility Management	439,961	19,000	0	458,961	\$0.04
Municipal Court	2,819,940	154,000	(2,603,980)	369,960	\$0.03
Totals	\$4,643,622	\$250,000	(\$2,951,191)	\$1,942,431	\$0.18

Source: City of Eugene Annual Budget – Fiscal Year 2004.

In total, City of Eugene property owners are paying property taxes of approximately \$0.18 per \$1,000 in assessed value for Animal Control, Facilities Management, the Municipal Court, and the Prosecutor's Office services for Fiscal Year 2003-2004.⁵ For a property with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara), an estimated \$21 per year of property taxes would pay for these direct services.

INDIRECT SERVICE ALLOCATIONS

General Fund indirect service costs in the Central Services Fiscal Year 2003-2004 budget total \$13.6 million. Throughout this report, we allocate the cost of indirect services provided by Central Services to the O&M costs of General Fund divisions, local option levy funds, and non-general funds, thus accounting for the total cost of delivering services. The total Central Services allocation is \$13.5 million (\$8.1 million for General Fund departments and divisions and \$5.4 million for non-General Fund departments and divisions), resulting in a \$100,000 in unallocated Central Services costs. The \$100,000 discrepancy, which is equal to 0.56% of the Central Services budget, is due to the use of an estimated rate for allocating the costs.

⁵ The City of Eugene realizes a 93% collection rate for property taxes. This means that if the City of Eugene were to levy just for direct central services, it would need to levy at a higher rate than \$0.18 per \$1,000 in assessed value in order to collect \$0.18 per \$1,000 in assessed value. The City would need to actually levy \$.19.

OTHER FUNDS

The Central Services Department has many direct and indirect services housed in the General Fund and Non-General Funds. Examples of operations housed in more than one fund include Municipal Court and Information Technology. The cost of operations for the Fleet and Facilities Fund are included as charges in operating budgets contained in other sections of this report and are not discussed here.

CAPITAL

Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000, such as constructing a new building. Capital projects are included in a separate Capital Budget. The City of Eugene 2004-2009 Capital Improvement Program includes \$2.9 million in capital projects for Public Buildings and Facilities for FY03-04. Capital expenditures are paid for from three different funds: the Facilities and Fleet Services Fund, the General and Road Capital Projects Fund, and the Parking Services Fund.⁶

CONCLUSIONS

City of Eugene property owners pay an estimated \$0.18 per \$1,000 in assessed value for direct Central Services. City property owners are also paying for additional indirect services from the Central Services Department, which we allocate to the cost for direct services from other departments in further chapters of this report. Property owners in the City of Eugene pay an estimated \$21 in property taxes for a single-family residence with an assessed value of \$115,000 for direct Central Services.

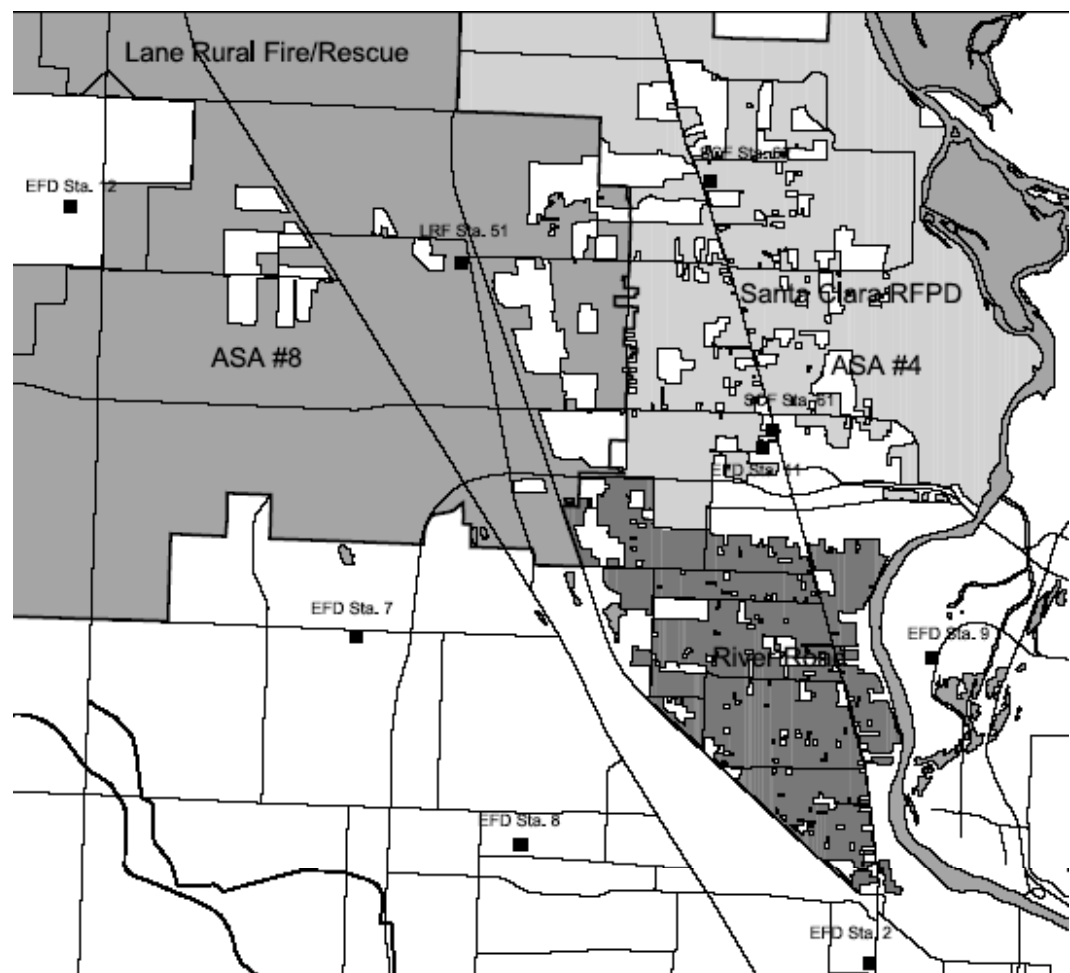
Annexation would not directly impact central services. Residents would not experience a change in service, because the department's services indirectly support other, more visible, services.

⁶ City of Eugene 2004-2009 Capital Improvement Program, p. 61.

OVERVIEW

Fire and emergency medical services (EMS) typically include fire prevention, public education, fire investigation, building inspection and fire and life safety plan review, as well as response to fires, alarms, specialized rescues, medical emergencies, hazardous materials releases, and other emergency situations (typically called “first-responder services”). Figure 5-1 shows the taxing boundaries of the service providers in the River Road and Santa Clara areas. Table 5-1 lists the providers.

Figure 5-1. Boundaries of fire and EMS service providers in River Road/Santa Clara



Source: Eugene Fire & EMS Department.

Table 5-1. Fire and EMS service providers in River Road and Santa Clara

	River Road	Santa Clara
Annexed	City of Eugene	City of Eugene
Unannexed	City of Eugene	Lane Rural Fire/Rescue Santa Clara Rural Fire Protection District

Source: Compiled by ECONorthwest.

The remainder of this section is organized as follows:

- **Understanding the service** describes how fire and EMS services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses revenues collected that are directly connected to delivering fire and EMS services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation will impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of the fire and EMS services.

UNDERSTANDING THE SERVICE

The majority of calls within most fire and EMS departments today are for medical treatment rather than fire suppression. For example, across the City of Eugene in Fiscal Year 2003, almost 70% of all calls were for medical situations (both emergency and non-emergency), the rest were for fires (structures, brush, and vehicles), hazardous materials, and rescue situations. Less than 1% of all calls were for structure fires. In the City of Eugene, the number of calls for fire suppression services has not grown since 1980, remaining at fewer than 1,000 per year. In contrast, medical calls have grown from approximately 1,500 in 1980 to over 9,000 in 2002.¹

¹ Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Pages 21, 106.

URBAN LEVEL OF SERVICE FOR FIRE AND EMS

An urban level of service requires an integrated service system that complies with federal, state, and local regulations for firefighting and life safety procedures and a professional staff available twenty-four hours a day. The more developed an area becomes the more essential this urban level of service becomes.

Fire and life-safety services have many elements that must come together to reduce the risk of life and property in dense urban areas. Fire departments have become the agency of first response to all emergencies, except those involving criminal activity. Every call received by 911 is evaluated as to its threat to life, property and the environment, and, when lives are truly at risk, the closest unit is dispatched with a goal of arrival of less than four minutes. Four minutes is the National Fire Protection Association (NFPA) standard.² Quick response is essential to reduce injuries and property damage.

The effectiveness of the life-safety system depends on (1) appropriate apparatus and equipment located in strategic locations, and (2) properly trained personnel being available at all times to operate and maintain that equipment. When a 911 call arrives, the correct personnel with the correct equipment must arrive within minutes and must be able to provide immediate response, size up the situation, effectively deploy available resources, and report back to the dispatcher any need for additional equipment or personnel.

Prior to the 911 call, however, a fire department, in conjunction with a building and permitting division, has been working hard to prevent fires and reduce damage if they do occur. They examine buildings during design and construction for safety and fire prevention; commercial buildings are inspected to assure continued safety throughout their useable life. They locate and catalog any hazardous materials, and work to assure proper storage and handling. Modern fire departments focus on fire *prevention*. They view a structural fire as a system failure even if the firefighters and equipment arrive in less than four minutes and are able to put out the fire without significant damage. All members of the department extensively train on how to respond to emergencies of all types, how to control the risk, and how to reduce the impact on life, the environment and property in the area.

Federal and Oregon State Occupational Safety and Health Administration (OSHA) procedures for interior structural fires require that at least two properly trained and equipped firefighters be available for entry, and that at least two additional firefighters be available outside the building as dedicated backup. The NFPA standard is for a minimum force of 15 firefighters for fires where an aerial ladder device is required.³ Therefore, a minimum of four firefighters must be present before any firefighters enter a building and 15 firefighters must be present for full capability. The standard does allow for early entry if an imminent threat to life is present.

² Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Page 43 and Appendix A.

³ Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Pages 50, 79 and Appendix A.

Moreover, an urban system should be prepared to handle two major events and two minor events at the same time, 24 hours of every day, of every year. All of the support systems that backup the first responders must also be available on a 24 hour basis.

ISSUES AND ANALYTICAL CONCERNS

For all these reasons, providing life and property protection in an urban fire department is expensive. Moreover, paying that expense is like paying for house or life insurance: you hope you never use it. And most people in a city never use it, at least not directly. Thus, it is understandable that people would say that they do not use fire and EMS services or, more likely, that they do not need a full and expensive level of service. But to have it available when it is needed means that it has to be provided all the other times as well.

The service is available to everyone all the time. People who live in an area with less fire protection may work at businesses in areas with more fire protection. Since many emergency response calls are for car fires or accidents, people are often being protected by another jurisdiction's emergency response system and budget. In a metropolitan area with a mix of emergency response capabilities, *not responding* is not an option. If one area has a major fire and a lesser capability to fight it because of voter decisions to fund less staff and equipment, other jurisdictions will normally provide back up.

A related point is that people in different areas of a city can make a case that they need different levels of fire protection and should pay different costs. This is an old and technically unresolvable problem of public finance: it gets resolved politically. Every property class can make an argument about why some other property class should pay more. Consider some examples of the arguments:

- The downtown should pay more because it has dense and expensive buildings, and requires special equipment for firefighting. Or, it should pay less because inspections of commercial buildings make fires less likely and response times can be quick because of the central fire station.
- Industrial properties should pay more because they have special and often hazardous materials. Or, they should pay less because they are relatively spread out and the chances of extensive fires are reduced.
- Residential properties should pay more because they make the bulk of the service calls (mainly for EMS). Or, they should not pay more because part of the costs of those calls is charged back to them (and often paid for by insurance).
- Low-density residential areas should pay more because they require more fire stations to be built to keep a minimum response time. Or, they should pay less because the fires are easier to fight and less likely to jump to other properties.

In short, it is common for everyone to believe they are subsidizing someone else.

In our analysis, we assume that households pay for fire and EMS protection through their property taxes. The total revenue each household contributes to the City's or a special district's budget is directly correlated to the assessed value of the property. We do not attempt to assess the different demand different user groups have for emergency services.

EXISTING SERVICES AND PROVIDERS

In this section we discuss existing service levels and providers in the River Road and Santa Clara area within the urban growth boundary. Residences in *annexed* areas of River Road receive fire and EMS services from the City of Eugene's Fire & EMS Department. Residences in *unannexed* areas of River Road also receive fire and EMS services under contract from the City of Eugene Fire & EMS Department, paid by the River Road Water District (RRWD).

The contract between the City of Eugene and the RRWD contains a provision that the City has the right to withhold resources if they are needed to respond to a large catastrophe within the City of Eugene. The Eugene Fire & EMS Department reports that they have never invoked that clause.⁴ Because this clause has never been invoked and would only be invoked under catastrophic conditions, it is reasonable to conclude that annexed and unannexed properties in River Road receive the same level of service from the same service provider.

Fire and EMS service in Santa Clara is more complicated. *Annexed* areas of Santa Clara are served by the Eugene Fire & EMS Department. *Unannexed* areas of Santa Clara receive fire and EMS services from the Santa Clara Rural Fire Protection District or Lane Rural Fire/Rescue, depending on their location within Santa Clara (see Figure 5-1). Although each agency is responsible for a prescribed area, which one actually responds depends on the availability of appropriate resources at any given time.

The Santa Clara Rural Fire Protection District (Santa Clara RFPD) serves properties generally north of the Beltline to Beacon Drive and east of Stark Street to the Willamette River. Portions of its District (especially outside the Urban Growth Boundary) are still rural with very low density.

Lane Rural Fire/Rescue (LRF/R) serves properties generally north of the Beltline and west of Stark Street to the Northwest Expressway. The majority of LRF/R's geographical service area is outside of the River Road and Santa Clara areas and outside Eugene's UGB.

Service for medical calls in the Santa Clara area differs from that for fire services. Figure 5-1 shows the Ambulance Service Area (ASA) boundaries in the Santa Clara area. LRF/R serves all ambulance transport requests within its ASA, which differs slightly from the Stark Street boundary. The City serves all ambulance transport

⁴ Personal communication with Matt Shuler, Deputy Chief, Administration. September 21, 2004.

requests within its ASA. The Santa Clara RFPD does not have an ASA, and therefore does not provide ambulance transport services.

Eugene Fire & EMS, LRF/R, and the Santa Clara RFPD have automatic aid agreements. Under an automatic aid agreement, an agency is dispatched and responds automatically into a portion of the other agency's jurisdiction without the necessity of a request for assistance. This means that the three agencies operating in Santa Clara all respond to some emergency calls.

CITY OF EUGENE

Under regional and state contracts and agreements, the City of Eugene provides centralized services to the entire region including the Central Lane Communications 911 Center, the new computer aided dispatch and records management systems, the Technical Rescue Team, the Water Rescue Team and the Hazardous Materials Team. These specialized services benefit Eugene and surrounding areas.

RIVER ROAD

Three Eugene fire stations serve River Road residences and businesses: Station 2, located at Chambers Street and 2nd Avenue; Station 7, located in the Bethel-Danebo at 4664 Barger Drive; and Station 11, at 119 Santa Clara Avenue. Station 11 is currently housed in a temporary facility, but the City began work on a permanent structure in July of 2004. Figure 5-1 shows the location of these stations.

The Eugene Fire & EMS Department staffs stations with full-time paid firefighter/paramedics 24 hours a day, seven days a week. Full companies, each with three firefighters are dispatched to emergencies depending on the call. A structure fire will receive a response of at least fifteen firefighters. Eugene Fire & EMS has other resources including the Technical Rescue Team, the Hazardous Materials Team and the Water Rescue Team. Eugene Fire & EMS staffs each engine company with at least one certified paramedic.

Water flow in the River Road area is adequate, according to the Eugene Fire & EMS Department and EWEB.⁵ The Eugene Fire & EMS Department maintains public fire hydrants in the River Road area, and the Department checks private hydrants. The volume and pressure of both public and private hydrants is excellent. There are a few areas where water mains do not meet City code levels for water pressure—they are east of River Road, where streets dead-end against the Willamette River. The water mains on some of those streets are not looped to other mains, so there could be inadequate water pressure to put out a large fire in a very large building, or in the event of multiple fires occurring simultaneously. Fire Department personnel point out that the risk of such a conflagration is very unlikely in the River Road area, because most of the structures are single-family residences.⁶

⁵ Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004, and Chris Bigelow, Water Engineering Tech 2, Eugene Water and Electric Board. March 26, 2004.

⁶ Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004.

The average time from dispatch of first responders to arrival on the scene to emergency situations in Eugene and River Road for Fiscal Year 2002-2003 is four minutes and 51 seconds.⁷ The Eugene Fire & EMS department has adopted goals of 6.5 minutes for the arrival of the first company and 10.5 minutes for a full response to a structural fire 90% of the time.⁸ Precise response times by area are unavailable for all fire and emergency service providers under the current data collection system. According the Eugene Fire & EMS Department, response times in the River Road area are within the urban average, and service in the area is comparable to the rest of the City.⁹

The Insurance Services Office (ISO), a private property and liability risk company, rates local fire service agencies for use in helping insurers to set fire insurance premiums for local property owners. Class 1 is the highest fire protection rating. A Class 10 rating is for areas with no fire protection. Eugene Fire & EMS is rated Class 2 (Class 2 is the highest of any ratings in Oregon), and the River Road area is rated Class 2.

The Fire and EMS department reported that Fire Station 2, at 2nd and Chambers, has good access to most of River Road and the new Fire Station 11 is well situated to respond to the part of the area furthest from Station 2. All of the River Road area is hydrated.¹⁰

SANTA CLARA

As of 2002, the City of Eugene Fire & EMS Department provides first response services to the incorporated portions of Santa Clara. The Department serves the area out of Station 7 in the Bethel-Danebo area, Station 2, at Chambers Street and 2nd Avenue, and Station 11 on Santa Clara Avenue. Station 11 is a new station, at 119 Santa Clara Avenue, just west of River Road and a quarter-mile north of Belt Line Road. The department is using a converted residence until the City completes a permanent fire station on the site.

The Eugene Fire & EMS Department reassigned the engine and crew from Station 9, near Valley River Center, to the new Station 11. Because Station 11 currently lacks full facilities for a fire crew, the crew and engine continue to report to Station 9 every morning to conduct shift changes and perform routine maintenance. This means that the engine and crew could be out of the Santa Clara area in the event of an emergency. The City has an automatic aid agreement with the Santa Clara RFPD to cover calls during those parts of the day when the crew and the engine are not in the area. As part of this agreement, the City pays the Santa Clara RFPD \$100 for every

⁷ Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Page 48.

⁸ Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Appendix B.

⁹ Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004. Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Page 47.

¹⁰ Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

call that they provide first response during those times when Eugene Fire & EMS personnel are out of the area.

As with all areas served by the City of Eugene, the annexed portions of Santa Clara have an ISO rating of Class 2. All of the Santa Clara area within the urban growth boundary is hydranted.¹¹

Before 2002, Santa Clara RFPD and LRF/R provided first response fire and EMS coverage to the annexed portions of the Santa Clara area under contracts with the City of Eugene. Because of increased development, the long-standing agreement became less appropriate for the City of Eugene. This was particularly true for the southern-most portion of Santa Clara. In recent years, a number of assisted-living facilities for senior citizens have been built just north of Belt Line Road. The demographics of these facilities increased demand for EMS and it became difficult for the Santa Clara RFPD to provide service to these facilities.

Santa Clara RFPD and the City negotiated to change the contract boundary of the Santa Clara RFPD (but not its District boundary). Before the revised proposal could be adopted, the District Board rejected it, and the parties could not reach a combined service agreement. The City ultimately decided that it should have a stronger presence in the Santa Clara area so that it could better serve the annexed properties, and established Station 11.¹² Because the City established Station 11, it decided that it was now better positioned to serve annexed residents previously serviced by the LRF/R, so the City terminated its agreement with that District as well.

The three service providers have automatic aid agreements, to ensure that emergency personnel arrive quickly. If a call comes to 911 reporting a fire, two or more providers may be dispatched depending on the location and nature of the call. If a fire alarm triggers the call, the primary responder answers the call (the primary responder is the City for annexed properties and the respective Fire Districts for unannexed properties). The 911 call center is able to immediately discern the source of the call, and knows which service provider to dispatch to the address. However, if an individual calls 911 for a neighbor, or uses a cell phone, the correct service provider may not be dispatched initially.

LANE RURAL FIRE/RESCUE

The LRF/R reports that the service provided by the District is very good. While the LRF/R serves the Santa Clara area from its headquarters at 29999 Hallett Street, the District has three additional stations located in Lane County. The LRF/R has 15 full-time employees. There are always at least three people at the headquarters station, with seven to ten people present during regular business hours. The district relies on volunteers and interns to supplement paid personnel.

¹¹ Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

¹² Eugene Fire & EMS Department. *Fire Service in Santa Clara: Past, Present, and Future*. October 2002.

The District has an ISO rating of Class 4, except for the rural portions that are outside of the urban growth boundary and our study area. The LRF/R Chief believes that the ISO rating provides little insight into the true level of service. He stated that the District's rating is eight or ten years old, and he believes that residents receive a level of service on par with City residents.¹³ He believes the LRF/R District provides a level of service to medical emergencies at least equal to the City of Eugene. The Chief states that although many of the responders are volunteers and may not be at the station, they live in the area and are able to reach an emergency very quickly, if not faster than the City's Fire Department. However, with a volunteer force there is no guarantee of consistency of response in the event of major or multiple emergencies. For example, there may not be enough responders in the area able to arrive at the scene to comply with Federal and State OSHA procedures or NFPA standards for a structure fire. Because actual response times are not available for the three service providers, it is not possible to quantify differences in response times.

The LRF/R District and EWEB report that all of Santa Clara has fire hydrants, and the volume and pressure are excellent. The District relies on water tank trucks to respond to a fire located in the very low-density areas, where a structure sits on many acres and is far from a hydrant.

SANTA CLARA RURAL FIRE PROTECTION DISTRICT

As of 2002, the Santa Clara RFPD provides fire and first responder services to the unannexed properties within its service district. The Santa Clara RFPD serves its district from two stations: at 2600 River Road near Beltline, and at 3939 River Road to the north. The District has three paid staff members and 43 volunteers. Most of the District labor is provided by the volunteers. The District has an ISO rating of Class 4, except for the rural portions that are outside of the urban growth boundary and our study area.

The Santa Clara RFPD reports that most of its district in Santa Clara has fire hydrants, and the volume and pressure of water are excellent. However, there are about 200 homes within the District that are in areas with no hydrants. These homes are outside the UGB, and thus not part of our study area. Santa Clara RFPD's engines carry 1,000 gallons of water to serve homes that are without hydrants.

The Santa Clara RFPD is dispatched for calls that originate from unannexed properties. The Santa Clara RFPD also responds to calls from annexed properties when City of Eugene Fire & EMS personnel are not in the area, as discussed above. Santa Clara RFPD reports that its response times could be slower than the City of Eugene's response times because their volunteers are not present at the fire station.¹⁴ However, because response times are not available for the three service providers, it is not possible to quantify differences in response times.

¹³ Personal communication with Chip Darling, LRF/R Chief, March 23, 2004.

¹⁴ Personal communication with Skip Smith, Santa Clara RFPD Chief, September 21, 2004.

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

RIVER ROAD

In the River Road area, the City provides all fire and EMS services to both annexed and unannexed areas. Thus, the relevant comparison is not to other providers (e.g., LRF/R or Santa Clara RFPD), but to other areas of the City that get this City service. The area is currently at a level of service equal to the level of service in the rest of the City of Eugene.

SANTA CLARA

Because response time data was unavailable, the ISO rating is the only quantifiable data for comparing the level of service of the three fire and EMS providers. The ISO rating focuses on levels of risk associated with fire and life safety.

LRF/R does have some paid personnel and an ambulance service, however the agency still relies on mostly volunteers and is designed for less densely populated areas. In addition, Santa Clara RFPD reports that they sometimes have less than the minimum of four firefighters required by OSHA before entering a building. In the event of a major emergency, such as multiple fires, the rural fire districts would rely on the response of the City of Eugene and vice versa.

Due to the patchwork of service, the Santa Clara area lacks an integrated fire and emergency medical services system necessary for an urban level of service. Therefore, the area is currently not at the urban level of service provided by the City of Eugene Fire & EMS department. Table 5-2 summarizes the level of service as described above.

Table 5-2. Fire and EMS service providers in River Road and Santa Clara and level of service

	River Road	Santa Clara
Annexed	City of Eugene: Urban Service ISO 2 rating	City of Eugene: Urban Service ISO 2 rating
Unannexed	City of Eugene: Urban Service ISO 2 rating	<p>Lane Rural Fire/Rescue:</p> <ul style="list-style-type: none"> • Rural/suburban service with volunteer and paid personnel on 24-hour call • Compliant with federal and local training and equipment regulations • ISO 4 in Santa Clara study area • Fully hydranted with adequate water flow within the urban growth boundary • Ambulance Service <p>Santa Clara Rural Fire Protection District:</p> <ul style="list-style-type: none"> • Rural/suburban service with volunteer and paid personnel on 24-hour call • Compliant with federal and local training and equipment regulations • ISO 4 in Santa Clara study area • Fully hydranted with adequate water flow within the urban growth boundary

FISCAL ANALYSIS

CITY OF EUGENE

The Fire and EMS department has many different cost categories, which can be organized into operating and maintenance (O&M) and capital. We first discuss O&M, and then capital.

OPERATING AND MAINTENANCE

The Department's operating and maintenance budget for Fiscal Year 2003-2004 is \$23.4 million and includes \$20.3 million for personnel and \$3.1 million for services and materials. The City of Eugene funds the operations and maintenance of Eugene's Fire & EMS Department with four funds, summarized in Table 5-3. The majority of expenditures in the Fire and EMS operating and maintenance budget are paid for by the City's General Fund. But the Fire & EMS Department uses three

additional funds—Construction Permits, Municipal Airport, and Emergency Medical Services—as shown in Table 5-3 below.¹⁵

Table 5-3. Funds for Fire & EMS Department operating and maintenance expenditures, FY03-04

Fund	Total Expenditures	Percent of O&M Budget
General Fund	\$17,297,704	73.8%
Construction Permits Fund	\$188,066	0.8%
Municipal Airport Fund	\$566,169	2.4%
EMS Fund	\$5,396,644	23.0%
Total	\$23,448,583	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2004.

The Fire & EMS Department’s operating and maintenance budget includes personnel costs, facilities (including custodial services and utilities), and fleet maintenance (including routine repairs). The City of Eugene provides specialized services to the region including the Central Lane Communications Center, the Technical Rescue Team, the Water Rescue Team and the Hazardous Materials Team. The fire districts that contract for service from Eugene each pay for a portion of the services based on their portion of assessed value. The Hazardous Materials costs are paid by those districts, net of the annual funding received from the State for training and equipment, as well as any revenue received from responsible parties for state-qualifying calls.

The State reimburses the City for some costs and pays for some direct expenses, including personnel costs for billable responses, training and travel, equipment replacement, and back-fill.¹⁶ The City receives approximately \$20,000 annually from the State for the Hazardous Materials team. The State does not reimburse the City for non-qualifying responses, monthly team drills, hazardous materials certification pay, vehicle maintenance, and other miscellaneous materials and supplies, totaling approximately \$100,000 annually.¹⁷

In this section, we first discuss the Fire and EMS services funded by the General Fund, and then we discuss the services supported by the other funds.

General Fund

The Fire & EMS Department has three cost categories within the General Fund for O&M:

¹⁵ The Emergency Medical Services Fund is now known as the Ambulance Transport Fund (ATF). The ATF was reviewed and renamed beginning in Fiscal Year 2004-2005 to more accurately describe the services provided under the fund.

¹⁶ Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

¹⁷ Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

- Operating and maintenance includes expenditures for personnel, supplies, equipment and fleet and facilities maintenance.
- Central administrative services are the City's central business functions, such as human resources.
- Fleet acquisition costs are for new or replacement fire apparatus and support vehicles, and are included in the Fleet Fund. (Ambulance acquisition is financed within the Emergency Medical Services Fund.)

The Fire & EMS Department's General Fund operating and maintenance expenditures for Fiscal Year 2003-2004 are \$17.3 million. To show total operating and maintenance costs associated with providing fire and EMS in Eugene, some expenditures must be added on to the department's General Fund operating and maintenance expenditures, including indirect costs for Central Services and fleet acquisition costs. The allocation of Central Service costs is a department's share of the City's costs for central business functions. The City calculates the allocation for each department to estimate the full cost of providing services by summing the Central Services Department's costs for indirect services and each department's administrative costs. Total administrative costs are then reallocated across departments. Because the allocation for indirect services includes department administrative costs, we must net out the Fire & EMS Department's General Fund administrative costs before adding the indirect service allocation. Fire & EMS Department administrative costs are \$0.2 million. The Central Services cost allocation for Fire and EMS is \$2.5 million.

Fleet acquisitions for General Fund purposes total an estimated \$556,000 and are paid for with a transfer from the General Fund to the Fleet Fund. Because fleet acquisition costs for fire services are paid for with a General Fund transfer we must add those costs to General Fund O&M expenditures to understand the full General Fund contribution to fire services.

We have calculated total General Fund costs for fire and EMS to be \$20.2 million. Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$2.30 per \$1,000 in assessed value for fire and EMS O&M.

Property taxes do not cover all costs for fire and EMS. To calculate the actual property tax contribution to the provision of services we need to first reduce our calculation for total General Fund costs (\$20.2 million) by the amount of revenue that a particular service contributes to the General Fund. The Fire & EMS Department contributes \$1.5 million in revenue to the General Fund. Thus, General Fund costs that are not covered by revenue generated by Fire and EMS total \$18.7 million. We calculated the property tax contribution to this amount by determining what percent of nondedicated General Fund revenue Fire and EMS costs account for. We then multiplied that portion by the permanent property tax rate of \$7.0058 to determine the Fire & EMS Department's portion of the permanent rate. Table 5-4 shows the contribution of property taxes to the Fire & EMS Department's General Fund operating budget.

Table 5-4. Property Tax Contribution to Operating and Maintenance Expenditures, FY03-04

	FY2003-2004 Expenditures (\$)
Fire and EMS Department's Total O&M Budget	23,448,583
General Fund-Fire and EMS O&M Budget	17,297,704
Department Administrative Costs	(188,326)
Fire and EMS Indirect Cost Allocation for Central Services	2,535,000
Fleet Acquisition Costs	556,000
Fire and EMS Revenue to the General Fund	(1,485,434)
Calculated Fire and EMS O&M Costs	18,714,944
Calculated Portion Covered by Property Taxes	\$1.74

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2004.

City of Eugene property owners are paying property taxes of approximately \$1.74 per \$1,000 in assessed value for fire and EMS for Fiscal Year 2003-2004.¹⁸ For a property with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara), would pay an estimated \$200 per year of property taxes for fire and EMS O&M.

Non-General Fund Resources

There are three other funds that support the Fire & EMS Department's O&M.

The **Construction Permits Fund** accounts for construction permit activities. The fund is primarily supported by construction permit fees. The Fire & EMS Department conducts fire and life safety plans review and safety inspections with new construction, and the Department is paid from the fund for those inspections. If the City were to fully annex River Road/Santa Clara, revenues would not change from their current status.

The **Municipal Airport Fund** accounts for operations of the municipal airport. The fund generates revenue by renting airport terminal space to airlines, landing fees, and police and fire protection charges. The Eugene Fire & EMS Department receives funding for first responder fire and EMS to the Eugene Airport.

The **Emergency Medical Services Fund** accounts for the operations of ambulance-based services provided by the Fire and EMS department. The Fund's revenues are generated by user charges—received from FireMed, insurance companies, Medicare, and Medicaid for providing medical transport services. FireMed is an ambulance membership program offered by the City of Eugene Fire & EMS Department, the City of Springfield Fire and Life Safety Department and the

¹⁸ The City of Eugene realizes a 93% collection rate for property taxes. This means that if the City of Eugene were to levy just for Fire and EMS, it would need to levy at a higher rate than \$1.69 per \$1,000 in assessed value in order to collect \$1.69 per \$1,000 in assessed value. The City would need to actually levy \$1.82.

Lane Rural Fire/Rescue District. Members pay \$45 annually. FireMed provides all medically necessary ambulance transportation services. When a member uses the ambulance service, FireMed bills the member's medical insurance, and accepts whatever payment they make as payment in full. If the member has no insurance, FireMed covers the entire bill. The Emergency Medical Services Fund receives no tax revenue from Eugene property owners.

CAPITAL

Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000, such as constructing a new fire station. Capital projects are included in a separate Capital Budget.

The City has issued capital debt for fire and EMS facilities. The City of Eugene has two outstanding General Obligation Bond issuances for Public Safety capital facilities with total remaining principal of \$24.1 million.¹⁹ For FY03-04 the City of Eugene will pay \$2.3 million in debt service for capital debt for Public Safety. The property tax rate for debt service is \$0.4242.²⁰ We have calculated that debt service for Public Safety capital debt accounts for approximately \$0.24 of the \$0.4242 bond rate for FY03-04.

The City purchased the land for the new Station 11 for \$555,000, including \$400,000 in River Road/Santa Clara Assessment Bond Fund Reserves and \$155,000 from the Facility Reserve. The River Road/Santa Clara Assessment Bond Fund Reserves includes monies from previous assessments from County and City residents. The City has budgeted \$3.9 million to build the new station in Santa Clara. The City is financing Station 11 from a variety of sources, as shown in Table 5-5.

Table 5-5. Funding Sources for Station 11

	Budgeted Amount
Fire Contract Savings for FY02-03 through FY04-05	\$435,000
Funds from savings when the AIRS contribution ends for FY03-04 through FY04-05	135,000
City of Eugene Limited Tax Bonds	2,090,000
Sale of Surplus Fire Stations	780,000
General Capital Projects Fund	500,000
Total	\$3,940,000

Source: Eugene City Council Agenda Item Summary, July 23, 2003.

¹⁹ The General Obligation bonds were issued for fire and EMS facilities and for the 911 Call Center. The majority of the bond proceeds funded fire and EMS facilities. For the purposes of this discussion we attribute all Public Safety capital debt service to the Fire and EMS department.

²⁰ The actual debt service rate levied by the City of Eugene in FY03-04 is \$0.4205.

TOTAL COSTS

In total, City of Eugene property owners are paying property taxes of approximately \$1.98 (\$1.74 for O&M plus \$0.24 for capital) per \$1,000 in assessed value for fire and EMS for FY03-04. Table 5-6 shows the total costs for fire and EMS services.

Table 5-6. Total Costs for Fire & EMS Operating and Capital

	FY03-04 Expenditures (\$)	Calculated Portion Covered by Property Taxes
Calculated Fire and EMS O&M Costs	18,714,944	\$1.74
Non-General Fund Fire and EMS Costs	6,571,879	n/a
Capital Principal + Interest Paid	2,251,718	\$0.24
Total Costs	27,538,541	\$1.98

Note: Non-General Fund Fire and EMS costs include expenditures from the Construction Permits Fund, Municipal Airport Fund, EMS Fund and the associated Central Services allocation.

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2004.

A property in the City of Eugene with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara) would pay an estimated \$228 per year of property taxes for fire and EMS services.

Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$2.54 (\$2.30 for O&M plus \$0.24 for debt) per \$1,000 in assessed value for General Fund fire and EMS O&M costs and capital costs.

RIVER ROAD WATER DISTRICT

RRWD has entered into a contract with the City of Eugene for fire protection and Emergency Medical Services. The City also provides these services to four other fire districts. Every year, RRWD and the four other fire districts negotiate the rate that the districts pay the City for fire and EMS services. The City and districts first decide what costs the rate shall cover. Typically, the City and the districts have agreed that the districts will pay for costs directly related to departmental and Central Service costs, but not capital and fleet costs.

After costs have been negotiated, the districts and the City calculate a “Base Rate” per \$1,000 in assessed value. The Base Rate is determined by dividing the total negotiated costs by total assessed value for all areas served by the City of Eugene Fire & EMS Department and multiplying the result by 1,000. The Base Rate is then multiplied by the assessed value within the RRWD to determine the amount the RRWD pays the City for fire protection and Emergency Medical Services. Table 5-7 below summarizes the calculations.

Table 5-7. River Road Water District's Payment to Eugene Fire & EMS, FY03-04

	Amount
Total Fire and EMS costs ¹	\$20,879,896
Total Assessed Value for all areas receiving service from the Eugene Fire & EMS Dept. ²	\$9,138,379,883
Base Rate (costs/Total A.V. x 1,000)	\$2.28
 Total A.V. in RRWD	 \$337,675,291
RRWD A.V./\$1,000 x Base Rate	\$771,540

1. For the purposes of establishing the contract rate, the Fire & EMS Department methodology differs from the methodology used in this report. Most significantly, the Fire & EMS Department did not include capital costs, but did include \$866,180 for dispatch fees in the estimate of total costs of \$20.9 million. In addition, the estimate of \$20.9 million includes adjustments based on actual costs for the previous year.

2. The Total Assessed Value includes the City of Eugene, the River Road Water District and four other fire districts (Eugene Rural #1, Willakenzie, Zumwalt and Bailey-Spencer) receiving service from the Eugene Fire & EMS Department.

Source: City of Eugene and RRWD Fire Protection and Basic/Advanced Life Support Emergency Medical Services Intergovernmental Agreement, Exhibit D.

The Eugene Fire & EMS department bills ambulance and paramedic charges separately to insurance companies and recipients of those services.

The Eugene Fire & EMS costs included in the contract do not include capital costs (planning and building new fire stations) or fleet costs (operating and maintaining fire vehicles and acquiring new vehicles). Therefore, RRWD and thus River Road residents are paying less than the full cost of the fire and emergency services they receive. RRWD is paying the City of Eugene \$2.28 per \$1,000 in assessed value, or \$0.24 less than the \$2.52 per \$1,000 in assessed value the City of Eugene expends for providing the service.

The RRWD collects \$1.969 per \$1,000 in assessed value for properties within its service district. The RRWD pays the City \$2.28 per \$1,000 in assessed value for fire service to properties within its service district. The tax rate paid by property owners is less than the cost of the City's service in River Road. To cover the difference, the RRWD charges water customers \$5.00 per month in addition to usage rates for water through EWEB bills. The RRWD then uses a portion of the \$5.00 per month charge and water rates to subsidize the cost of fire and EMS from the City and cover its administrative costs. The RRWD projects it will raise a total of \$637,031 in FY03-04 property taxes and an additional \$655,388 in water revenue.

LANE RURAL FIRE/RESCUE

The LRF/R taxing district only provides fire and EMS services. Therefore all taxes generated by that district fund that service. The LRF/R district covers a much wider area than the area it serves within Santa Clara. The LRF/R's total operating budget for Fiscal Year 2003-2004 is \$2,042,500, which includes revenue from property taxes and contracted services. The LRF/R maintains a Capital Reserve Fund for major equipment and capital acquisitions. The LRF/R is not contributing property tax proceeds to the Capital Reserve Fund in Fiscal Year 2003-2004. The fund balance is

\$1,772,980. The LRF/R is receiving \$2.1174 per \$1,000 in assessed value to provide fire and EMS in Santa Clara.

SANTA CLARA RFPD

The Santa Clara RFPD taxing district only provides fire and first responder services. Therefore all taxes generated by that district fund that service. The Santa Clara RFPD's budget for Fiscal Year 2002-2003 totaled \$707,158. The Santa Clara RFPD maintains a Capital Reserve Fund for major equipment and capital acquisitions. The Santa Clara RFPD is not contributing property tax proceeds to the Capital Reserve Fund in Fiscal Year 2003-2004. The fund balance is \$228,518.

The Santa Clara RFPD service area extends beyond the UGB, but most of the district lies within the UGB. In addition to property tax revenues, Santa Clara RFPD receives payments of \$100 from Eugene for every call the Santa Clara RFPD answers in the City's primary service area during the portion of the day that Engine 11 is not at Station 11. For the first six months of Fiscal Year 2003-2004, Eugene paid Santa Clara RFPD for 71 calls, or a total of \$7,100, under this agreement. The Santa Clara RFPD is spending \$1.0439 per \$1,000 in assessed value to provide fire and EMS in Santa Clara.

IMPACTS OF EXPECTED GROWTH AND CHANGE

CITY OF EUGENE

The City of Eugene expects that the Santa Clara area will grow, and that new developments will continue to be annexed to the City. The number of properties that the City is responsible for will increase, and the City will require additional stations and personnel proximate to those residents in order to meet response time goals. The Fire & EMS Department has already determined that the current population and development warrant a station in the southern portion of Santa Clara.

The Fire & EMS Department reports that in the event that the City of Eugene were responsible for Fire and EMS response for the entire Santa Clara area in addition to the current responsibilities in River Road, Station 11 and the current Eugene fire station network would be sufficient to serve the area at current population and development levels.²¹ However, as development in the area occurs, it will make more sense for the City to consider an additional fire station in the northern portion of Santa Clara.

If the City of Eugene were to annex all of River Road or Santa Clara, the City's revenue would change and the property owners' property taxes would change. The City levies four different property taxes, but in this section we only discuss the two that impact fire and EMS services: the City's permanent rate, which funds the General Fund, and the Bond Rate, which funds capital expenditures. Currently, the

²¹ Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

City expects to generate \$59.2 million from the permanent rate and \$3.6 million for the Bond Rate in FY03-04.

If the City annexed more properties in the River Road or Santa Clara areas, the City's total assessed value would increase. Overall, it would increase the City's total property tax revenue. Total revenue collected by the permanent rate would increase in direct proportion to the assessed value of annexed properties. Chapter 3 provides a detailed discussion of revenue impacts the City would experience if River Road and Santa Clara were annexed.

The revenue generated by the debt service levy would not change. The levy is designed to generate a specific amount of revenue; the tax rate fluctuates with the value of assessed property. Thus, annexing a large area would not cause the Debt Service revenue to change, but the tax rate experienced by individual property owners and the rate budgeted by the City would decline. If the City annexed all of the River Road and Santa Clara in Fiscal Year 2003-2004, we calculate that the budgeted Bond Rate for debt service would decline from \$0.4242 to \$0.3852 per \$1,000 of assessed value. To calculate that rate, we added the total assessed value of River Road and Santa Clara to the City's current total assessed value, and divided the total annual levy by the new total assessed value, and divided by 1,000.

RIVER ROAD AND SANTA CLARA

RRWD

The RRWD believes that it is a financially stable entity in the long term. Although individual properties will continue to be annexed by the City over time, the impact is very small on the District. Most annexations occur when a property is developed—in most cases a vacant property is annexed and developed. Typically properties annexed to the City, are underdeveloped or vacant. Therefore, the RRWD loses a vacant property from its tax base, which is only a small component. In addition, the RRWD uses water fees as an additional funding source to its property tax rate. So, much of the River Road area is already developed that the current system could continue to be financially viable for the RRWD in the long term.

LRF/R

The LRF/R believes that it is a stable entity in the long term. It has a relatively high property tax rate (\$2.1174 compared to RRWD's rate of \$1.969 and Santa Clara RFPD's rate of \$1.0439). Although individual properties will continue to be annexed by the City over time, the impact is very small on the District. Most annexations occur when a property is developed—in most cases a vacant property is annexed and developed. Large vacant (or very under-developed) properties represent a small portion of its tax base, so the District could continue to be financially viable in the long term under the status quo. In addition, the ambulance service provides the District with a steady income stream.²²

²² Personal communication with Chip Darling, LRF/R Chief, March 23, 2004.

Santa Clara RFPD

The Santa Clara RFPD is in a more difficult position. The Santa Clara RFPD's property tax rate is the lowest in the River Road/Santa Clara area and is about half the rate of LRF/R and RRWD. Before 2002, it had a steady income stream from the City of Eugene. After the City of Eugene contract ended in 2002, the district was left with diminished resources to support fire services for the same geographical range. The loss of that income makes it more difficult to support the District.

Because the Santa Clara RFPD has limited alternative funding sources, one of its few options is to cut costs.²³ Because the district is largely volunteer, it would be difficult to cut personnel costs. This means that the most viable recourse is to cut infrastructure. The District owns two firehouses and two fleets, and must maintain them both. The two stations made sense when the District provided service to the whole area, but now that the City is the primary service provider for annexed properties within Santa Clara and has located Station 11 very close to one of the District's fire stations, there is a duplication of capital equipment.

The City of Eugene has offered to co-locate with the Santa Clara RFPD in the new Station 11.²⁴ Such an arrangement would likely result in the Santa Clara RFPD closing down its southern station to save resources and moving into Station 11. To date, the Santa Clara RFPD has not accepted the City's offer.²⁵

HOW DIFFERENT GROUPS VIEW THE ISSUES

This section briefly summarizes the view that service providers and service recipients have toward the provision of fire and EMS in the River Road and Santa Clara areas.

The Urban Services Committee reported that **citizens of River Road and Santa Clara** have been generally satisfied with the provision of fire and emergency services from all providers. However, many residents are confused by the structure of the provision of fire and EMS. There is uncertainty about who will respond to a 911 call. Some residents viewed the proposal to divide the Santa Clara RFPD between the City and the Santa Clara RFPD as a step towards complete annexation by the City. Some area residents believe the location of the new station is inefficient and results in a duplication of services and also view the new fire station as a further indication of the City of Eugene's intent to annex the area.

As **the City of Eugene** plans and prepares for the eventuality of the River Road/Santa Clara area becoming a part of the city, it has a responsibility to ensure that current City residents receive an urban level of service. All City residents should receive the same level and quality of service. The City of Eugene responded to increasing density in Santa Clara and the location of several assisted living facilities

²³ Personal communication with Skip Smith, Santa Clara RFPD Chief, March 26, 2004.

²⁴ Letter dated April 8, 2003, from Chief Thomas Tallon of the Eugene Fire & EMS to Chief Skip Smith of the Santa Clara RFPD. Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004.

²⁵ Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004.

with a new station in the area. Station 11 was located to best serve City residents with fire and EMS.

RRWD reports that the loss of revenue from annexation of areas within its district does not adversely impact its financial stability.

LRF/R serves a small portion of the Santa Clara area and its total service district extends well beyond Santa Clara. LRF/R reports that the loss of revenue from annexation of areas within its district does not adversely impact its financial stability. LRF/R has an Ambulance Service Area that helps to financially stabilize the organization.

Santa Clara RFPD is constrained by the loss of revenue from the City of Eugene now that Eugene has established Station 11. Santa Clara RFPD is still maintaining two fire stations with fewer resources. The District is also losing its tax base as the City of Eugene annexes areas. Its volunteer structure is appropriate for a rural area, but results in higher response times under the current circumstances.²⁶ Santa Clara RFPD's tax base is almost all within the Eugene urban growth boundary: the District would be seriously diminished under full annexation.

CONCLUSIONS

In River Road, annexed and unannexed residents are getting the same service as other City residents, but unannexed areas pay less for the same service than the City spends on providing the service. Property owners pay the RRWD \$1.969 per \$1,000 in assessed value for properties within its service district. The RRWD pays the City \$2.28 per \$1,000 in assessed value for fire service to properties within its service district. The RRWD uses a portion of monthly water charges to cover the difference between its tax rate and the charges for fire and EMS service. Even so, RRWD and its residents pay less than the actual cost for providing fire and EMS services.

In Santa Clara, residents of annexed parts of Santa Clara may get slightly lower level of service than other City residents because currently there is not a fully functional, fully equipped fire station in the area. The City is building a new station in the area, which will raise the level of service to be commensurate with the rest of the City.

Unannexed Santa Clara receives a service level designed for rural and suburban areas provided by a mixture of paid and volunteer staff. While the LRF/R and Santa Clara RFPD are well trained and well equipped, they do not fully staff fire stations 24 hours a day. This means that residents are not receiving equivalent service from the rural fire departments as they would from an urban fire department. In the event of a major conflagration, the City will assist and support the volunteer districts and vice versa.

The LRF/R District reports that it is financially stable. Its boundaries extend well beyond Santa Clara, so it generates property tax revenue from much more than

²⁶ Personal communication with Skip Smith, Santa Clara RFPD Chief, March 26, 2004.

properties in Santa Clara. In addition to tax revenue, the LRF/R generates revenue from the ASA. Property owners in the LRF/R District pay \$2.1174 per \$1,000 in assessed value for fire and emergency services. The Santa Clara RFPD District is not financially stable. Its tax base is diminishing and it is operating two station houses. With the addition of the City's Station 11, there is a duplication of services in the southern portion of Santa Clara. Property owners in the Santa Clara RFPD pay \$1.0439 per \$1,000 in assessed value for fire and emergency services.

The LRF/R and Santa Clara RFPD are expending less on fire and EMS services than the City of Eugene expends and residents of those volunteer fire districts are receiving a rural level of service. Because of the back-up from the City of Eugene, it is also probably the case that residents in Santa Clara pay less than the full cost of the service they receive. Table 5-8 summarizes the service levels and costs for fire and EMS.

Table 5-8. Summary of fire and EMS service levels and costs, FY03-04

Taxing District	Level of Service	Components of Cost	Taxes Paid Based on Assessed Value			
			Property tax contribution per \$1,000 in Assessed Value	Single Family Home \$115,000 (assessed value)	Commercial Property \$750,000 (assessed value)	Vacant Lot \$35,000 (assessed value)
City of Eugene						
	City of Eugene: Urban Service ISO Level 2	Calculated portion of \$7.0058 per \$1,000 assessed value for Fire and EMS based on portion of reliance on General Fund nondedicated revenues plus General Obligation Bond payments per \$1,000 assessed value for Fire and EMS bonds. The City of Eugene expends the equivalent of \$2.54 per \$1,000 in assessed value, on General Fund Fire and EMS services and capital.	\$1.98	\$228	\$1,485	\$69
River Road Water District						
	City of Eugene: Urban Service ISO Level 2	The RRWD collects \$1.9694 per \$1,000 in assessed value for fire and EMS. The RRWD The RRWD pays the City of Eugene \$2.28 per \$1,000 in assessed value for Fire and EMS	\$1.97	\$226	\$1,477	\$69
Lane Rural Fire/Rescue						
	Rural Service with volunteer and paid personnel on 24-hour call, fully hydranted with adequate water flow, Ambulance Service, compliant with federal and local training and equipment regulations. ISO Level 4	\$2.1174 per \$1,000 assessed value includes the cost for operations and capital funds per household.	\$2.12	\$244	\$1,588	\$74
Santa Clara Rural Fire Protection District						
	Rural Service with volunteer and paid personnel on 24-hour call, fully hydranted with adequate water flow, 1 to 2 minutes longer response time than City of Eugene, compliant with federal and local training and equipment regulations. ISO Level 4	\$1.0439 per \$1,000 assessed value includes the cost for operations and capital funds per household.	\$1.04	\$120	\$783	\$37

Source: Compiled by ECONorthwest.

OVERVIEW

The City of Eugene provides library services to residents of Eugene. There is no provider of library services in the unincorporated areas of River Road and Santa Clara. Non-City residents have full access to the City's library services if they choose to pay \$80 per year for a library card. Table 6-1 summarizes the provision of library services in the River Road and Santa Clara area.

Table 6-1. Library service providers in River Road and Santa Clara

	River Road	Santa Clara
Annexed	City of Eugene	City of Eugene
Unannexed	City of Eugene, for a fee	City of Eugene, for a fee

Source: Compiled by ECONorthwest.

The remainder of this section is organized as follows:

- **Understanding the service** describes how library services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses revenues collected that are directly connected to delivering library services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of library services.

UNDERSTANDING THE SERVICE

Library services provide a community with access to information, including books, newspapers, magazines and other media, and to education services, literacy programming, and information technology.

URBAN LEVEL OF SERVICE FOR LIBRARY

Local communities determine their level of library service by choosing to support libraries through tax levies, their use of the library, and other means. Some communities choose not to fund libraries at all. For example, the City of Keizer, Oregon, has a population of over 33,000 people, but it doesn't have a library.¹

The Eugene Library reports that nationwide, the average number of items checked out of a library per capita for communities similar to Eugene in population is 6.7 items. In FY2001-2002, the average number of items checked out per capita in Eugene was 10.4 items.²

Eugene voters have an inconsistent record in supporting library services. In 1998, the voters of Eugene approved a Local Option Levy to pay for some operation costs of the library and branches and in 2002 approved its renewal. But Eugene voters disapproved measures to issue General Obligation Bonds for the construction of a new library during the 1980s and 1990s. Policymakers decided to build a large, centralized library without issuing General Obligation Bonds, rather than expand a branch library system.

ISSUES AND ANALYTICAL CONCERNS

Unlike some urban services, such as wastewater or stormwater, people can choose to use the library or choose to never use library services. The main library is located downtown, and most residents must travel to use its services. While some households may choose to never use library services and it is easier for households living close to the City center to access the library than it is for households located on the City's edge, all households in Eugene pay the same property tax rates to support the library. In addition to the main library, Eugene also has two branch libraries, one in the Bethel area, and one in the Sheldon area. Non-City residents may choose to purchase checkout services for an \$80 fee. Residents of annexed areas and those residents of unannexed areas who pay the fee for a library card receive the same level of service from the same service provider.

In addition to the City's permanent property tax rate, which supports a portion of the operating costs of the library, there are two other main funding streams for the library: one for operating and one for capital.

The Library's operating costs are paid for by the General Fund and the Library Local Option Levy Fund. In 1998 Eugene voters approved a Library Local Option Levy to fund expanded hours at the main library, two branch libraries and furnishings and equipment for the new main library. In 2002, the levy was renewed at a higher amount for an additional four years. The 2002 Library Local Option Levy provides funding for almost half of the library's operating costs through Fiscal Year 2006-2007. The Local Option Levy is expected to raise \$19.6 million over the four years,

¹ Personal communication with Connie Bennett, Library Services Director, May 10, 2004.

² City of Eugene Annual Budget – Fiscal Year 2004, p. C.154.

or \$4.9 million per year. There is no guarantee that voters will continue to approve Local Option Levies. In the event that no other funding source is available, the Library could lose nearly half of its operating funds.

The construction of the new downtown library was partially funded with proceeds from tax increment financing raised by the Urban Renewal Agency. Total costs for planning and construction of the new library were \$36.2 million. The City has issued \$18,500,000 in bonds to pay for the library project. These bonds will most likely be paid with Downtown Urban Renewal District tax increment revenues. In the unlikely event that sufficient urban renewal revenues are not available, the City will make the debt service payments out of the City's General Fund.³ For Fiscal Year 2003-2004 the City of Eugene will pay \$2,354,125 in debt service for the bonds. These debt service payments are not included in the property tax rate for debt service.

EXISTING SERVICES AND PROVIDERS

The City of Eugene is the only provider of municipal library services in Eugene. Lane County does not provide any library services. There are no library service providers in the River Road/Santa Clara area. Residences in *annexed* areas of River Road and Santa Clara receive full library services from the City of Eugene and can obtain library cards for no charge. Library card holders may use their cards at the main library as well as at two branch libraries. Non-cardholders may use the library for no charge, but do not have borrowing privileges. Non-cardholders can read books and other materials in the library, use the computer catalog system and reference materials and attend programs such as children's story hours, author events and multicultural programs.

The new main library opened in December 2002. The downtown library provides users with access to information and technology, with a collection including over 375,000 books and other items such as videos, compact discs, DVDs, and audio books. The Library also subscribes to 751 magazines and newspapers. Users of the Library can access the on-line catalog, full-text databases and indexes on the Internet from outside the Library and can use the Internet at the Library. The Library provides full reference services to all users and offers literacy programs for adults and children. Programming includes activities for children, teens, and adults.

Both the Bethel branch library, located on Echo Hollow Road, and the Sheldon branch library, located on Coburg Road, opened in 2000. The branch libraries were part of the Local Option Levy package approved by voters in 1998 and renewed in 2002.⁴

Residents of *unannexed* areas of River Road and Santa Clara may purchase full library services from the City of Eugene by purchasing a library card for \$80 annually. The annual fee is based on the City's calculation of the amount paid in taxes to support

³ Urban Renewal Agency, Summary of Urban Renewal Support for the Library Financing Plan, June 11, 2003.

⁴ Personal communication with Connie Bennett, Library Services Director, May 10, 2004.

library services by the average Eugene household in FY2002-2003. While costs have risen, the Library has no specific plans to raise the non-resident fee at this time.⁵ Households in River Road and Santa Clara (and elsewhere) may also purchase non-resident cards from Springfield or Junction City public libraries.

This year, the Library has issued a total of 4,703 library cards to non-residents who have paid the \$80 annual per household fee. Of current non-resident library cards, 647 were issued to households in the 97404 zip code, which approximates the River Road/Santa Clara area.⁶ Therefore, the Library receives \$51,760 annually for library cards for non-residents in the 97404 zip code.

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

Residents of annexed areas and those residents of unannexed areas who purchase a library card receive the same level of service from the same service provider. Unannexed households may choose to use the card-holder level of service for the fee, or to not use the service at all. Those households who do not choose to or cannot afford to pay the \$80 annual fee, may also choose to visit the library and use the limited services available without a library card.

FISCAL ANALYSIS

The Library Services Division has many different cost and revenue categories, which can be organized into operating and maintenance (O&M) and capital. We first discuss O&M, and then capital.

OPERATING AND MAINTENANCE

The Library's operating and maintenance budget for Fiscal Year 2003-2004 is \$7.9 million and includes \$5.7 million for personnel and \$2.2 million for services and materials. The City of Eugene funds the operations and maintenance of Eugene's libraries with three funds, summarized in Table 6-2. Approximately half of the Library Services operating and maintenance budget is paid for by the City's General Fund. However, the Library Services Division relies on the Library Local Option Levy for nearly half of the budget and has a small contribution from the Library Trust Fund.

⁵ Personal communication with Connie Bennett, Library Services Director, May 10, 2004.

⁶ Personal communication with Connie Bennett, Library Services Director, May 10, 2004.

Table 6-2. Funds for operating and maintenance budget, FY 2003-2004.

Fund	Total Expenditures	Percent of O&M Budget
General Fund	\$4,014,907	50.6%
Library Local Option Levy	\$3,874,609	48.9%
Library, Parks & Rec Special Rev	\$43,000	0.5%
Total	\$7,932,516	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2004.

The General Fund accounts for monies, such as property taxes, that are not dedicated to specific purposes and can be used for general City services. The Library Local Option Levy fund accounts for the proceeds of the Library Local Option Levy. The Library, Parks & Recreation Special Revenue fund accounts for private donations to support the library, parks and recreation facilities.

In this section, we first discuss the library services funded by the General Fund, and then we discuss library services funded by the Library Local Option Levy.

GENERAL FUND

The Library Services Division has two cost categories within the General Fund for O&M:

- Operating and maintenance includes expenditures for personnel, supplies, equipment and fleet and facilities maintenance.
- Central administrative services are the City's central business functions, such as human resources.

The Library Services Division's General Fund operating and maintenance expenditures for Fiscal Year 2003-2004 are about \$4.0 million (see Table 6-2). To show actual operating and maintenance costs associated with providing Library Services in Eugene, some expenditures must be added on to the division's General Fund operating and maintenance expenditures, including indirect costs for Central Services. The allocation of Central Service costs is a department's share of the City's costs for central business functions. The City calculates the allocation for each department to estimate the full cost of providing services. The City calculates departments' indirect costs by summing the Central Services Department's costs for indirect services and each department's administrative costs. Total administrative costs are then reallocated across departments. Because the allocation for indirect services includes department administrative costs, we do not include the LRCS General Fund administrative costs before adding the indirect service allocation. The Central Services cost allocation for library services is approximately \$0.6 million. We have calculated total General Fund costs for the library to be \$4.6 million. Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$0.52 per \$1,000 in assessed value for library services O&M.

Property taxes do not cover all costs for library services. To calculate the actual property tax contribution to the provision of services we need to first reduce our calculation for total General Fund costs (\$4.6 million) by the amount of revenue that a particular service contributes to the General Fund. The Library contributes approximately \$0.2 million in revenue to the General Fund. Thus, General Fund costs that are not covered by revenue generated by the Library total \$4.4 million. We calculated the property tax contribution to this amount by determining what percent of nondedicated General Fund revenue library services costs account for. We then multiplied that portion by the permanent property tax rate of \$7.0058 to determine the Library's portion of the permanent rate. Table 6-3 shows the contribution of property taxes to the Library's General Fund operating budget.

Table 6-3. Property Tax Contribution to Library Services General Fund O&M Expenditures, FY03-04

	FY2003-2004 Expenditures (\$)
Library's Total O&M Budget	7,932,516
General Fund-Library O&M Budget	4,014,907
Library Indirect Cost Allocation for Central Services	572,000
Library Revenue to the General Fund	(183,000)
Calculated Library O&M Costs	4,403,907
Calculated Portion Covered by Property Taxes	\$0.41

Source: City of Eugene Annual Budget – Fiscal Year 2004.

City of Eugene property owners are paying property taxes of approximately \$0.41 per \$1,000 in assessed value for library services for FY 03-04.⁷ For a property with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara), would pay an estimated \$47 per year of property taxes for library services O&M.

LIBRARY LOCAL OPTION LEVY

Additional operating costs will be paid for with proceeds from the Library Local Option Levy. The Library Local Option Levy supports the main downtown library and the operations of the branch libraries. The library levy is a four-year levy for \$19.6 million, approved in 2002. For Fiscal Year 2003-2004, the library will expend \$3.9 million from the Library Local Option Levy Fund.

In Fiscal Year 2003-04, the levy rate is \$0.55 per \$1,000 in assessed value.⁸ The levy per \$1,000 in assessed value can change in the future, based on any changes in total

⁷ The City of Eugene realizes a 93% collection rate for property taxes. This means that if the City of Eugene were to levy just for library services, it would need to levy at a higher rate than \$0.41 per \$1,000 in assessed value in order to collect \$0.41 per \$1,000 in assessed value. The City would need to actually levy \$.44.

⁸ The actual rate of the Library Local Option Levy for FY 03-04 was \$0.5492 per \$1,000 in assessed value. The City of Eugene used the slightly higher rate amount of \$0.5542 based on the estimated assessed value in Eugene.

assessed value in the City. If the City increases its total assessed value; the amount levied is spread over a larger base, so the tax burden for individual property owners will decrease. Thus, a large annexation would slightly reduce the tax burden for existing City property owners.

The levy collects \$0.55 per \$1,000 of assessed value in property taxes in addition to the City's permanent rate of \$7.0058. The City of Eugene estimates that it will raise \$4.6 million from the Library Local Option Levy and expend \$3.9 million. The unspent \$700,000 in tax proceeds will be reserved for future library use.

TOTAL OPERATING AND MAINTENANCE COSTS

Calculated costs of \$4.4 million and Library Local Option Levy Fund costs of \$3.9 million add up to \$8.3 million. In total, City of Eugene property owners are paying property taxes of approximately \$0.96 (\$0.41 plus \$0.55) per \$1,000 in assessed value for Library Services for Fiscal Year 2003-2004. Table 6-4 shows the total costs for Library Services' O&M.

Table 6-4. Total costs for Library Services operating and maintenance

	FY2003-2004 Expenditures (\$)	Calculated Portion Covered by Property Taxes
Calculated Library O&M Costs	4,403,907	\$0.41
Library Local Option Levy ¹	3,874,609	\$0.55
Total Costs	8,278,516	\$0.96

¹\$700,000 additional funds generated by the levy are reserved for future library use.

Source: City of Eugene Annual Budget – Fiscal Year 2004.

For a property with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara), an estimated \$110 per year of property taxes would pay for library services.

CAPITAL

Capital projects are not included in the Library Services Division's O&M budget, but rather in a separate Capital Budget. Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000, such as constructing a new building.

The City has issued \$18,500,000 in Library bonds to pay for a portion of the new downtown library project. Other funding sources for the new library included private donations, local option levy proceeds, urban renewal cash contributions, asset sales, and other miscellaneous sources.

The bonds are expected to be paid with Urban Renewal Agency tax increment revenues. In the unlikely event that sufficient urban renewal revenues are not

available, the City will make the debt service payments out of the City's General Fund.⁹

IMPACTS OF EXPECTED GROWTH AND CHANGE

If the City of Eugene were to annex all of River Road or Santa Clara, the City's revenue would change and the property owners' property taxes would change.

The City levies four different property taxes, but in this section we only discuss the two that impact library services: the City's permanent rate, which funds the General Fund, and the Library Local Option Levy. The City expects to generate \$59.2 million from the permanent rate and \$4.6 million for the Library Local Option Levy in FY03-04

If the City annexed more properties in the River Road or Santa Clara areas, the City's total assessed value would increase. Overall, it would increase the City's total property tax revenue. Total revenue collected by the permanent rate would increase in direct proportion to the assessed value of annexed properties. Chapter 3 provides a detailed discussion of revenue impacts the City would experience if River Road and Santa Clara were annexed.

The revenue generated by the Library Local Option Levy would not change. The levy is designed to generate a specific amount of revenue; the rate fluctuates with the value of assessed property. Thus, annexing a large area would not cause the Library Levy revenue to change, but the tax rate experienced by individual property owners would decline. If the City annexed all of the River Road and Santa Clara in Fiscal Year 2003-2004, we calculate that the Library Local Option Levy rate would decline from \$0.55 to \$0.50 per \$1,000 of assessed value. To calculate that rate, we added the total assessed value of River Road and Santa Clara to the City's current total assessed value, and divided the total annual levy by the new total assessed value, and divided by 1,000.

Annexing River Road/Santa Clara would increase demand on some of the Library's services. Impacts of a large annexation could be anticipated in the use of materials (books, magazines, etc.) and programs offered by the Library.

HOW DIFFERENT GROUPS VIEW THE ISSUES

Several issues concerning Library Services were raised in the 2002 final report of the River Road and Santa Clara Urban Services Committee. Residents are concerned that children of the unincorporated sections of River Road and Santa Clara do not receive adequate library services. According to the report an estimated 3,000 children of school age are in families who have to pay for a library card.

Residents of the River Road/Santa Clara area have suggested bookmobile service from Lane County, subsidized library cards to students and/or low-income residents,

⁹ Urban Renewal Agency, Summary of Urban Renewal Support for the Library Financing Plan, June 11, 2003.

and recalculating the “average resident per-household cost” in hopes of decreasing the cost of non-resident library cards.

In the past, Lane Council of Governments suggested the creation of a library district to serve both city and county residents in the area using school district boundaries as building blocks similar to the Siuslaw and Fern Ridge Library districts and the formation of a River Road/Santa Clara library district in similar form to the River Road Parks and Recreation Department.¹⁰

CONCLUSIONS

Annexation of the River Road/Santa Clara area would impact some library services.

All residents of annexed areas of River Road and Santa Clara can choose to use all of the library’s services, free of charge. Residents of unincorporated River Road and Santa Clara can purchase a library card for \$80 annually in order to receive full library privileges. Those non-residents who do not purchase a library card cannot checkout materials.

Because the City leverages property tax proceeds with other sources of revenue, residents of Eugene pay less than the total cost for the provision of library services through their property taxes. Nonetheless, property owners pay an estimated \$110 per year in property taxes for library services for a property with an assessed value of \$115,000. A property with assessed value of \$150,000, the average assessed value for the City of Eugene, would result in a property tax contribution to library services of an estimated \$144. This means that non-residents who choose to purchase the \$80 library card for full library services, pay significantly less than City property owners pay in property taxes for library services.

¹⁰ Lane Council of Governments. *River Road – Santa Clara Background Report*, Nov. 2000. p. 53.

Parks, Recreation, and Cultural Services

OVERVIEW

Parks, recreation and cultural services provide a community with access to open space and natural areas, playgrounds, athletic, cultural and community facilities, and individual and group activities for adults, seniors, children and families. Table 7-1 lists the providers of parks, recreation and cultural services in the study area.

Table 7-1. Parks, recreation and cultural service providers in River Road and Santa Clara.

	River Road	Santa Clara
Annexed	City of Eugene River Road Park and Recreation District	City of Eugene
Unannexed	River Road Park and Recreation District City of Eugene, for an additional fee	City of Eugene and River Road Park and Recreation District, for an additional fee

Source: Compiled by ECONorthwest.

The remainder of this section is organized as follows:

- **Understanding the service** describes how parks, recreation and cultural services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses revenues collected that are directly connected to delivering parks, recreation and cultural services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of parks, recreation and cultural services.

UNDERSTANDING THE SERVICE

URBAN LEVEL OF SERVICE FOR PARKS, RECREATION AND CULTURAL SERVICES

Parks and open space provide environmental enhancement to a community and recreation and cultural services provide activities. A city may provide access to developed parks, natural areas, athletic facilities and fields, swimming pools, play structures, community gardens, and classes in a wide variety of areas including sports and fitness, handicrafts, languages, music, dance, and computers. While parks and open space are typically distributed across the community, publicly-owned cultural facilities are often centralized destination venues, rather than spread evenly across a community. Eugene has two major performing arts spaces, the Cuthbert Amphitheater and the Hult Center.

The City of Eugene has developed three types of parks:

- Metropolitan, which include cultural, recreational and natural areas and are destination points for the whole metropolitan region.
- Community parks provide recreational and/or athletic facilities and draw visitors and participants from multiple neighborhoods in Eugene.
- Neighborhood parks are locations within a 1/2-mile walking distance of homes and provide playgrounds, picnic tables, and general open space.

ISSUES AND ANALYTICAL CONCERNS

Unlike some urban services, such as wastewater or police, people can choose to use parks, recreation and cultural services or choose to never use parks, recreation and cultural services. While some households may choose to never use parks, recreation and cultural services and it is easier for some households to access certain parks, recreation or cultural facilities, than it is for some other households, all households in Eugene pay the same property tax rates to support the parks, recreation and cultural services.

Everyone can use park and open space facilities, regardless of if they are a resident of Eugene or not. There is open and free access to bike paths, play structures, and open space. Non-residents can enter and use all of the parks at no charge. Non-City residents may choose to register for recreation activities and pay a 20% additional non-resident fee, or to not use the service at all. Non-City residents can choose to attend cultural events at one of Eugene's performing arts facilities for the same cost as City residents, and anyone may attend concerts in the park.

Expenditures for parks, recreation and cultural services are included under two City Departments: the Library, Recreation and Cultural Services (LRCS) and Public Works Departments. Within LRCS, there is the Cultural Services Division, which provides community arts events, makes grants to arts organizations and operates the Cuthbert Amphitheater and the Hult Center. Also within LRCS is the Recreation Services Division, which provides aquatics, athletics, outdoor, senior, specialized and

youth and family recreation programming. Within the Public Works Department, there is the Parks and Open Space Division, which plans, develops and maintains park lands, gardens, athletic fields, playgrounds, picnic areas, trails and natural areas. Because residents typically think of parks and recreation services together and because some recreation and cultural services programs are included in both division budgets, we will discuss all three services together.

We also discuss parks, recreation and cultural services together in order to compare those services to the services provided by the River Road Park and Recreation District (RRPRD), because the RRPRD provides all three services to residents of River Road or any out of district resident who pays the required fees.

In addition to the City's permanent rate property tax, which supports operating and other costs for the provision of parks, recreation and culture, there are several other main funding streams for capital and for operating expenses. In 1998, Eugene voters approved \$25.3 million in general obligation bonds for parks and open space acquisition and development. The City of Eugene issued \$19 million in general obligation bonds in 1999 and an additional \$6.3 million in general obligation bonds in Fiscal Year 2003-2004.

Some operating costs for the Recreation Services Division will be paid for with proceeds from the Partnerships for Youth Levy, which has expired, and the Youth and School Services Local Option Levy, which began in Fiscal Year 2003-2004. Eugene voters approved the two-year Partnerships for Youth Levy in 2000. The Partnerships for Youth Levy was to collect \$3.5 million and was set at about \$0.21 per \$1,000 in assessed value in Fiscal Years 2001-2002 and 2002-2003 for youth recreation. The levy expired in 2003. However, for Fiscal Year 2003-2004 the Recreation Services Division has budgeted for the expenditure of \$1,099,206 in Partnerships for Youth Levy proceeds collected previously.

In 2002, voters approved the four-year Youth and School Services Local Option Levy. The levy is set at \$0.86 per \$1,000 in assessed value and is projected to raise \$31.5 million over the four-year term. Ninety three percent of the funds will be distributed to the 4J and Bethel school districts for school nurses, counselors and librarians, student activities and athletics, elementary music and physical education. Seven percent will be used for City of Eugene youth services such as the "Summer Fun for All" program. For FY03-04, the City of Eugene will collect an estimated \$7.2 million under the Youth and School Services Local Option Levy and will pass through \$6.7 million, or 93%, of monies collected. The Recreation Division has budgeted about \$0.5 million, or 7%, of monies collected.

EXISTING SERVICES AND PROVIDERS

The City of Eugene and the RRPRD are the parks, recreation and cultural service providers in the River Road and Santa Clara areas. There are several City of Eugene parks in the study area and in adjacent areas. RRPRD operates recreation and parks services at Emerald Park in River Road. In this section we first discuss the City's provision of recreation and parks, and then the RRPRD's provision of recreation and parks services at Emerald Park in River Road.

City residents can participate in recreation activities at any recreation facility in Eugene. However, there are no City recreation facilities in the study area. The City applies a surcharge to the cost of some activities for non-residents. Cultural services are primarily offered by the City of Eugene to the entire metropolitan area through outdoor concerts in the Cuthbert Amphitheater and wide-ranging programming at the Hult Center for the Performing Arts. The descriptions here will focus on the local parks and recreation services available in the study area.

CITY OF EUGENE

The City of Eugene offers recreation services at Amazon Pool, Campbell Senior Center, Echo Hollow Pool, Hilyard Community Center, Petersen Barn Community Center, River House, Sheldon Pool and Community Center, and Washington Park Center. Residents and non-residents may participate in recreation activities at any of the facilities. Non-residents must pay a 20% additional fee for most activities.

RIVER ROAD

There are currently four City of Eugene park sites in the River Road area: Razor Park, Walnut Grove Park, Bramblewood Park and Rosetta Place. The West Bank Riverfront Park System, which is connected to the Riverbank Trail System, runs the length of the River Road area along the Willamette River from the Greenway Bridge (located at Fir Street) to River Avenue. In addition, there is a sports field located at North Eugene High School.

Razor Park, which is part of the West Bank Riverfront Park System, offers native habitats and access to the Riverbank Trail System. Walnut Grove Park is mostly natural open space with turtle habitat and Diana's Pond. Walnut Grove has been closed to the public since the park was acquired from the County. Construction on Walnut Grove is scheduled to begin in 2005; the park will open to the public when the construction is completed. Bramblewood Park is within the city, and was developed in 1998 using System Development Charges. The park has a playground area and about half of it is a natural area. The City of Eugene acquired Rosetta Place, but has not developed it yet. The City of Eugene currently has no plans in place for further parks and open space improvements in the River Road area.

The Eugene School District 4J and the City of Eugene have completed a joint project to create a sports field at North Eugene High School, which serves the dual function of providing athletic facilities and more park space to the area. Additionally, the City currently sponsors, in partnership with the Eugene School District 4J, after-school activities at elementary and middle schools both in and out of Eugene. River Road youth have access to these programs regardless of whether they live in or out of the City.

SANTA CLARA

Other than the after-school activities at area elementary and middle schools co-sponsored by the City of Eugene and the Eugene School District 4J, there are no recreation services provided in the Santa Clara area. Residents in Santa Clara who want to participate in City of Eugene recreation programs can travel to recreation

facilities, including two of the closest: Sheldon Pool and Petersen Barn. Residents of annexed portions of Santa Clara pay the same charges as all other residents of Eugene. Currently, non-city residents must pay surcharges in addition to regular charges for some activities provided by the City of Eugene.

Awbrey Park is the only developed park in the Santa Clara area. The park was transferred from Lane County to Eugene through the Urban Transition process, under which the County recognizes that the City will be the ultimate service provider in the River Road and Santa Clara areas. Land for three additional neighborhood parks, Terra Linda, Filbert Meadows, and Arrowhead Park, has been acquired by the City of Eugene but has not yet been developed. Terra Linda and Arrowhead parks were acquired using System Development Charge funds and Filbert Meadows was acquired through bond measure funding. While the City does not have detailed plans in place for Terra Linda or Filbert Meadows, development for Filbert Meadows Park is tentatively scheduled to begin in 2006.¹ In addition, construction on Arrowhead Park is planned to begin in the summer of 2004.² The City plans to acquire two more park sites in Santa Clara using Park and Open Space bond funds, but has not yet identified locations. The City is also in the process of acquiring a community park site in the Santa Clara area. As of the writing of this report, the process is not complete. Development of current park sites and the planned community park will be completed in 5 to 10 years.³

Santa Clara does not have an official community center or any facilities to serve as a recreational resource for the community or site for other community activities. However, non-profit organizations in Santa Clara have access to the conference room at the Santa Clara Water District's offices.⁴ The Eugene Fire and EMS department offered to include a community room for the Santa Clara area in the plans for the new Station 11 to be built in Santa Clara. The Eugene Fire and EMS department offered to share some of the costs but requested that Santa Clara provide additional funding (through the Santa Clara Rural Fire Protection District) for construction of the community room and additional parking.⁵ Construction of the station is proceeding without the community room. Eugene Fire and EMS states that the community room could be phased in later in the construction process.

¹ Personal communication with Andrea Riner of the Public Works Department, May 13, 2004.

² Personal communication with John Weber of the Public Works Department, April 28, 2004.

³ Personal communication with Andrea Riner of the Public Works Department, May 13, 2004.

⁴ Personal communication with Dick Rice of the Santa Clara Water District, May 7, 2004.

⁵ Letter dated April 8, 2003, from Chief Thomas Tallon of the Eugene Fire & EMS to Chief Skip Smith of the Santa Clara RFPD. Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004.

RIVER ROAD PARK AND RECREATION DISTRICT

RIVER ROAD

The RRPRD encompasses the area between the Northwest Expressway and the Willamette River from the Chambers Connector to the Beltline.⁶ The RRPRD provides community park activities, an indoor swimming pool and recreation and cultural activities at its Emerald Park facility. The RRPRD offers additional activities and community programs at its annex site on River Road. RRPRD's recreation activities include swimming and exercise courses and cultural activities such as dance, language and music courses. There is no major indoor public performance venue in River Road.

The City of Eugene has an inter-governmental agreement with the RRPRD through June 2005, and renewable annually, to provide that residents of annexed portions of River Road receive the same recreation services as residents of unannexed areas of River Road. Under the current agreement, the City pays the RRPRD \$100,000 and residents of annexed areas of River Road pay the same fees as residents of the RRPRD for all recreation services. Previous agreements based the payment from the City on the assessed value of land annexed from the RRPRD. Without the IGA, the RRPRD is not required to provide City residents in River Road with services and the City is not required to pay the RRPRD. The City's fee to the RRPRD does not cover the costs to the RRPRD to provide the services to City residents in the area.

Out-of-district (those living outside of River Road) residents pay higher fees for services. The RRPRD charges out of district residents 50% more for activities costing \$20 or less and adds a \$10 fee for activities costing more than \$20.

SANTA CLARA

The RRPRD's boundaries do not extend into Santa Clara and it has no facilities in the Santa Clara area.

OTHER PARKS

In addition to Emerald Park in River Road and the City parks, there are limited County facilities near the Santa Clara area. Lane County maintains Hileman Landing and Whitely Landing in the Santa Clara area. Hileman Landing has a boat ramp, but no other facilities. Whitely Landing has a boat ramp, picnic area and restrooms. However, these facilities lie outside of the study area.

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

Residents of Eugene and the River Road/Santa Clara area receive comparable cultural services. Eugene has two destination public performing arts venues that charge the same fees to users regardless of residency.

⁶ RRPRD website. http://www.rrpark.org/a_district/map2.htm. Downloaded June 16, 2004.

Residents of unincorporated portions of River Road receive full recreation services from the RRPRD. However, beyond Emerald Park, River Road is under-served by neighborhood parks. City residents in the River Road area benefit from the services of the RRPRD and the City of Eugene.

Residents of unincorporated portions of Santa Clara receive no recreation services and limited parks services. They can access City services, but park space is limited and they must travel outside of the area for recreation services.

Citywide, the City of Eugene has an estimated 2,541 acres of developed and undeveloped parkland, or about 18 acres per 1,000 residents. There are currently 113 acres of City of Eugene parklands in the River Road and Santa Clara areas, or about 15 acres per 1,000 residents of Eugene.⁷ Table 7-2 shows park acreage per 1,000 residents in the City of Eugene and in annexed and unannexed areas of River Road and Santa Clara.

Table 7-2. Park acreage in Eugene and in the River Road/Santa Clara area

	Population	Park acres	Park acres per 1,000 residents
City of Eugene	143,747	2,541	18
Annexed River Road and Santa Clara	7,500	113	15
Unannexed River Road	8,700	9	1
Unannexed Santa Clara	12,700	0	0
Total River Road and Santa Clara	28,900	122	4
Total City of Eugene and River Road and Santa Clara	165,147	2,550	15

Source: Compiled by ECONorthwest with data from the City of Eugene, Public Works Department and River Road Parks and Recreation District. Unannexed population provided by Lane Council of Governments with U.S. Census data.

In the River Road/Santa Clara area, park acreage per 1,000 City residents is below the City-wide average. In addition, there are no community parks or metropolitan parks in the River Road/Santa Clara area.⁸

Table 7-3 summarizes the level of services as described above.

⁷ Personal communication with Andrea Riner of the Public Works Department, May 13, 2004.

⁸ Personal communication with Andrea Riner of the Public Works Department, June 17, 2004.

Table 7-3. Parks, recreation and cultural service providers in River Road and Santa Clara.

	River Road	Santa Clara
Annexed	<p>City of Eugene – fewer park acres per capita than city average</p> <p>No City of Eugene metropolitan or community parks in the area</p> <p>River Road Park and Recreation District – receive the same services as residents of the district</p>	<p>City of Eugene – fewer park acres per capita than city average</p> <p>No City of Eugene metropolitan or community parks in the area</p>
Unannexed	<p>River Road Park and Recreation District – fewer park acres per capita than city average</p>	<p>No service district</p> <p>City of Eugene and River Road Park and Recreation District, for a fee – fewer park acres per capita than city average</p>

Source: Compiled by ECONorthwest.

FISCAL ANALYSIS

CITY OF EUGENE

In Eugene, parks, recreation and cultural services are provided by three different divisions in two different departments: Parks and Open Space Division of the Public Works Department and the Recreation Services Division and the Cultural Services Division, both of the LRCS Department. The Parks and Open Space, Recreation and Cultural Services Divisions have many different cost categories, which can be organized into operating and maintenance (O&M) and capital. We first discuss O&M, and then capital.

OPERATING AND MAINTENANCE

Operating and maintenance expenditures included in three divisions' budgets for Fiscal Year 2003-2004 total \$21 million and include \$13.3 million for personnel and \$7.7 million for services and materials.

The majority of expenditures in the three divisions operating and maintenance budget are paid for by the City's General Fund. However, the divisions use seven additional funds—Road Fund, Wastewater Utility Fund, Stormwater Utility Fund, Professional Services Fund, Partnerships for Youth Fund, Youth & School Services Levy Fund and Library, Parks & Recreation Special Revenue Fund—as shown in Tables 7-4, 7-5, and 7-6 below.

Table 7-4. Funds for Parks and Open Space Division operating and maintenance budget, FY03-04

Fund	Dollars	Percent of O & M Budget
General Fund	\$3,824,645	45.0%
Road Fund	1,393,867	16.4%
Wastewater Utility Fund	82,050	1.0%
Stormwater Utility Fund	2,620,837	30.8%
Professional Services Fund	581,041	6.8%
Total	\$8,502,440	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2004.

Table 7-5. Funds for Recreation Services Division operating and maintenance budget, FY03-04

Fund	Dollars	Percent of O & M Budget
General Fund	\$6,590,820	80.6%
Partnerships for Youth Fund	1,099,206	13.5%
Youth & School Services Levy Fund	434,609	5.3%
Library, Parks & Recreation Special Revenue Fund	49,761	0.6%
Total	\$8,174,396	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2004.

Table 7-6. Funds for Cultural Services Division operating and maintenance budget, FY03-04

Fund	Dollars	Percent of O & M Budget
General Fund	\$4,358,786	100.0%
Total	\$4,358,786	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2004.

The Cultural Services Division General Fund contribution of \$4.4 million includes revenues from the transient room tax, which is applied to all Eugene lodging bills for stays of 30 days or less, and is estimated to be \$1.2 million for FY03-04. While the transient room tax is a General Fund revenue, it is dedicated to the Hult Center.

In this section, we first discuss the parks, recreation and cultural services funded by the General Fund, and then we discuss parks, recreation and cultural services funded by the local option levies.

General Fund

The Parks, Recreation and Cultural Services Divisions have three cost categories within the General Fund for O&M:

- Operating and maintenance includes expenditures for personnel, supplies, equipment and fleet and facilities maintenance.
- Central administrative services are the City's central business functions, such as human resources.
- Fleet acquisition costs are for new or replacement vehicles, and are included in the Fleet Fund.

The Parks, Recreation and Cultural Services Divisions' General Fund operating and maintenance expenditures for Fiscal Year 2003-2004 are about \$14.8 million. But to show actual operating and maintenance costs associated with providing parks, recreation and cultural services in Eugene, some expenditures must be added on to the divisions' General Fund operating and maintenance expenditures, including indirect costs for Central Services and fleet acquisition costs. The allocation of Central Service costs is a department's share of the City's costs for central business functions. The City calculates the allocation for each department to estimate the full cost of providing services. The City calculates departments' indirect costs by summing the Central Services Department's costs for indirect services and each department's administrative costs. Total administrative costs are then reallocated across departments. Because the allocation for indirect services includes department administrative costs, we do not include the LRCS and Public Works Departments' General Fund administrative costs before adding the indirect service allocation. The Central Services cost allocation for Parks, Recreation and Cultural Divisions' totals \$1.5 million.

Fleet acquisitions for General Fund purposes total an estimated \$185,000 and are paid for with a transfer from the General Fund to the Fleet Fund. Because such fleet acquisition costs for parks, recreation and cultural services are paid for with a General Fund transfer we must add those costs to General Fund O&M expenditures to understand the full General Fund contribution to parks, recreation and cultural services.

We have calculated total General Fund costs for parks, recreation and cultural services to be \$16.5 million. Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$1.88 per \$1,000 in assessed value for parks, recreation and cultural services O&M.

Property taxes do not cover all costs for parks, recreation and cultural services. To calculate the actual property tax contribution to the provision of services we need to first reduce our calculation for total General Fund costs (\$16.5 million) by the amount of revenue that a particular service contributes to the General Fund. In total, the Parks and Open Space, Recreation and Cultural Services Divisions contribute \$5.4 million in revenue to the General Fund. Thus, General Fund costs that are not covered by revenue generated by parks, recreation and cultural services total \$11.1 million. We calculated the property tax contribution to this amount by determining

what percent of nondedicated General Fund revenue parks, recreation and cultural services costs account for. We then multiplied that portion by the permanent property tax rate of \$7.0058 to determine the Parks and Open Space, Recreation and Cultural Services Divisions' portion of the permanent rate. Table 7-7 shows the contribution of property taxes to parks, recreation and cultural services General Fund operating budget.

Table 7-7. Property Tax Contribution to Parks, Recreation and Cultural Services O&M Expenditures, FY03-04

	FY2003-2004 Expenditures (\$)
General Fund-Parks and Open Space O&M Budget	3,824,645
General Fund-Recreation O&M Budget	6,590,820
General Fund-Cultural Services O&M Budget	4,358,786
Parks and Open Space Indirect Cost Allocation for Central Services	449,000
Recreation Indirect Cost Allocation for Central Services	681,000
Cultural Services Indirect Cost Allocation for Central Services	425,000
Fleet Acquisition Costs	185,000
Parks and Open Space Revenue to the General Fund	(43,000)
Recreation Revenue to the General Fund	(2,510,139)
Cultural Services Revenue to the General Fund	(2,889,681)
Calculated Parks, Recreation and Cultural Services O&M Costs	11,071,431
Calculated Portion Covered by Property Taxes	\$1.03

Source: City of Eugene Annual Budget – Fiscal Year 2004.

City of Eugene property owners are paying property taxes of approximately \$1.03 per \$1,000 in assessed value for parks, recreation and cultural services for FY 03-04.⁹ For a property with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara), would pay an estimated \$118 per year of property taxes for parks, recreation and cultural services O&M.

Non-General Fund Resources

There are seven additional funds that support parks, recreation and cultural services O&M.

- The Road Fund accounts for the City's share of State gasoline taxes and Lane County Urban Transition revenues to be used for maintenance and

⁹ The City of Eugene realizes a 93% collection rate for property taxes. This means that if the City of Eugene were to levy just for parks, recreation and cultural services, it would need to levy at a higher rate than \$1.01 per \$1,000 in assessed value in order to collect \$1.01 per \$1,000 in assessed value. The City would need to actually levy \$1.09.

construction of the City's roads. Road funds within the Parks and Open Space budget are used to maintain street medians and street trees.

- The Wastewater Utility Fund accounts for wastewater user fees for wastewater collection and treatment activities. Wastewater funds within the Parks and Open Space budget are used to partially fund a supervisory position responding to wastewater related complaints on weekends and a salmon preservation education program that has subsequently been eliminated.
- The Stormwater Utility Fund accounts for stormwater user fees for stormwater, drainage and wetlands activities.
- The Professional Services Fund accounts for revenues for charges for service for engineering services performed by public works personnel for City and outside agencies.
- The Partnerships for Youth Fund accounts for proceeds of the voter-approved partnerships for Youth Levy to provide for youth recreation.
- The Youth & School Services Levy Fund accounts for proceeds of the voter-approved Levy to provide non-core education programs and youth activities to Eugene 4J and Bethel school district students.
- The Library, Parks & Recreation Special Revenue fund accounts for private donations to support the library, parks and recreation facilities.

Local Option Levies

Additional operating costs will be paid for with proceeds from the Partnerships for Youth Levy, which has expired, and the Youth and School Services Local Option Levy, which begins collection in Fiscal Year 2003-2004. For fiscal year 2003-2004, the Recreation Division will expend \$1.1 million from the Partnerships for Youth Levy Fund. The levy is no longer collected, but was about \$0.21 per \$1,000 in assessed value for Fiscal Years 2001-2002 and 2002-2003.

For Fiscal Year 2003-2004, the Recreation Division will expend \$0.4 million from the Youth and School Services Local Option Levy Fund. The levy collects \$0.86 per \$1,000 of assessed value in property taxes in addition to the \$7.0058 rate. The City of Eugene will collect a total of \$7.2 million under the Youth and School Services Local Option Levy and will pass through \$6.7 million, or 93%, of monies collected to the Eugene 4J and Bethel school districts. Therefore, the City of Eugene will use about 7%, or an estimated \$0.06 of the levy.

Total operating and maintenance costs

General Fund costs of \$11.1 million and Youth and School Services Local Option Levy Fund costs of \$0.4 million add up to \$11.5 million. In total, City of Eugene property owners are paying property taxes of approximately \$1.09 (\$1.03 under the permanent rate plus \$0.06 under the Local Option Levy) per \$1,000 in assessed value for Parks, Recreation and Cultural Services O&M for Fiscal Year 2003-2004. Table 7-8 shows the total General Fund and Youth and School Services costs for parks, recreation and cultural services.

Table 7-8. Total General Fund and Youth and School Services costs for Parks, Recreation and Cultural Services operating and maintenance

	FY2003-2004 Expenditures (\$)	Calculated Portion Covered by Property Taxes
Calculated Parks, Recreation and Cultural Services O&M Costs	11,071,431	\$1.03
Youth and School Services Local Option Levy	434,609	\$0.06
Total O&M Costs	11,506,040	\$1.09

Source: City of Eugene Annual Budget – Fiscal Year 2004.

For a property with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara), an estimated \$125 per year of property taxes would pay for parks, recreation and cultural services O&M costs.

CAPITAL

Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000, such as constructing a new building. Capital projects are included in a separate Capital Budget.

The City has issued capital debt for the acquisition and development of parks and open space. In 1999, the City of Eugene issued \$19 million in General Obligation Bonds for parks and open space acquisition and development with a current remaining principal of \$17 million. For Fiscal Year 2003-2004 the City of Eugene will pay \$1.6 million in debt service for capital debt for parks and open space. The property tax rate for debt service is \$0.42.¹⁰ We have calculated that debt service for parks and open space capital debt accounts for approximately \$0.17 of the \$0.42 bond rate for Fiscal Year 2003-2004.

The City of Eugene issued an additional \$6.3 million in General Obligation Bonds for parks and open space acquisition and development in Fiscal Year 2003-2004. For Fiscal Year 2004-2005, debt service for parks and open space bonds will increase to a total of an estimated \$2.3 million. We have calculated that debt service for parks and open space capital debt will account for approximately \$0.24 of the bond rate in Fiscal Year 2004-2005.

TOTAL COSTS

In total, City of Eugene property owners are paying property taxes of approximately \$1.26 (\$1.03 under the permanent rate plus \$0.06 under the Local Option Levy plus \$0.17 under the bond rate) per \$1,000 in assessed value for Parks, Recreation and

¹⁰ The actual debt service rate levied by the City of Eugene in FY03-04 is \$0.4205.

Cultural Services for Fiscal Year 2003-2004. Table 7-9 shows the total costs for Parks, Recreation and Cultural Services.

Table 7-9. Total Costs for Parks, Recreation and Cultural Services Divisions Operating and Capital

	FY2003-2004 Expenditures (\$)	Calculated Portion Covered by Property Taxes
Calculated Parks, Recreation and Cultural Services O&M Costs	11,071,431	\$1.03
Youth and School Services Local Option Levy	434,609	\$0.06
Capital Principal + Interest paid	1,562,102	\$0.17
Total Costs	13,068,142	\$1.26

Source: City of Eugene Annual Budget – Fiscal Year 2004.

For a property with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara), an estimated \$145 per year of property taxes would pay for parks, recreation and cultural services operation, maintenance and capital costs.

Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$2.11 (\$1.88 for O&M plus \$0.06 under the Local Option Levy plus \$0.17 for debt) per \$1,000 in assessed value for General Fund local levy parks, recreation and cultural services O&M costs and capital costs.

RIVER ROAD PARK AND RECREATION DISTRICT

The RRPRD's Fiscal Year 2003-2004 budget is \$3 million for recreation and parks operations and capital projects including operating costs, overhead and administrative costs and debt service for capital expenditures.

RRPRD REVENUES

The RRPRD supports its O&M expenditures with property taxes and with users' fees. The RRPRD's permanent rate property tax is \$3.0559 per \$1,000 in assessed value and its bond rate is \$0.4216 per \$1,000 in assessed value. Table 7-10 outlines property taxes due and budgeted for FY03-04. Total property taxes budgeted is less than those due because the RRPRD assumes some taxes will be delinquent. Similarly, the total reflects delinquent taxes from previous years to be collected in the current year.

Table 7-10. RRPRD Property Tax Revenues, FY03-04

	Property Tax Rate	Property Taxes Due	Property Taxes Budgeted
Assessed Value:	\$371,217,000		
Permanent Rate	3.0559	\$1,134,402	\$1,075,000
Bond Rate	0.4216	\$156,505	\$147,710
Total	3.4775	\$1,290,907	\$1,222,710

Source: River Road Park & Recreation Budget 2003-2004.

Total revenue from fees and miscellaneous sources for RRPRD is \$1.1 million. The District generates \$0.9 million from aquatic and recreation fees. In addition to fees, the District receives \$143,500 in miscellaneous revenue, which includes a \$100,000 payment from the City of Eugene. The City pays RRPRD \$100,000 to provide services to City residents in River Road. This is the equivalent of \$1.01 per \$1,000 in assessed value for properties in annexed portions of River Road.

Total revenue from taxes, fees, and other sources equals \$2.2 million. The RRPRD has a General Fund balance of \$625,000 to balance the O&M budget of \$2.8 million. Table 7-11 shows General Fund revenues for the RRPRD for FY03-04.

Table 7-11. RRPRD General Fund resources for O&M expenditures.

Source	Amount	Percent of Total Resources
Aquatics fees	\$330,100	11.8%
Recreation fees	612,720	22.0%
Miscellaneous revenue	143,500	5.2%
Subtotal revenue	\$1,086,320	39.0%
Permanent rate taxes	\$1,075,000	38.6%
Total revenue	\$2,161,320	77.6%
Fund balance	\$625,000	22.4%
Total resources	\$2,786,320	100.0%

Source: River Road Park & Recreation Budget 2003-2004.

Revenues for Capital expenditures come from bond rate property taxes totaling \$147,710. The RRPRD has a Bonded Debt Fund balance of \$60,000 to balance the Bonded Debt budget of \$207,710. Bonded Debt revenues of \$207,710 and General Fund revenues of \$2.8 million account for RRPRD's total expenditures of \$3 million.

RRPRD COSTS

The RRPRD has many different cost categories, which can be organized into operating and maintenance (O&M), special payments, and capital. We first discuss O&M, then special payments, and then capital.

O&M expenditures included in the RRPRD budget for Fiscal Year 2003-2004 total \$2.25 million and include \$1.65 million for personnel and \$0.6 million for services and materials.

Because RRPRD is a stand-alone service district its budget includes costs that would not typically appear in a City department's budget. Many of those expenditures are in called special payments in the RRPRD budget. Some of the expenditures are general administration costs much like the Central Services costs we allocated to City departmental budgets, including insurance. Special payments also includes a Contingency Fund for the RRPRD. Special payments expenditures included in the RRPRD budget for Fiscal Year 2003-2004 total \$451,314.

The RRPRD has two cost categories for capital:

- Capital outlay for capital repairs and replacements.
- Bonded debt payments for capital debt issued for the acquisition and development of park facilities.

For Fiscal Year 2003-2004, capital outlay is \$65,000 and bonded debt payments are \$207,710, for total capital costs of \$272,710.

Total O&M costs of \$2.3 million, special payments of \$0.5 million and capital costs of \$0.3 million add up to \$3.0 million. Table 7-12 shows total costs for RRPRD.

**Table 7-12. Total Costs for RRPRD
Operating and Capital**

	FY 2003-2004 Expenditures
RRPRD Operating Budget	\$2,270,006
RRPRD Special Payments	451,314
RRPRD Capital	272,710
Total Costs	\$2,994,030

Source: River Road Park & Recreation Budget 2003-2004.

Property owners of unannexed portions of River Road pay RRPRD property taxes of \$3.0559 per \$1,000 in assessed value plus the bond rate of \$0.4216 per \$1,000 in assessed value. For a property with an assessed value of \$115,000, property owners of RRPRD would pay an estimated \$351 under the permanent rate and \$49 under the bond rate, or a total of \$400, for recreation and parks services, including debt service on park capital projects.

IMPACTS OF EXPECTED GROWTH AND CHANGE

The RRPRD is not planning on acquiring additional parklands or expanding the park district into the Santa Clara area. The District is constrained by the diminishing tax base, and its revenues have been negatively impacted. The shrinking district has made bonded debt more onerous for district property owners.

RRPRD property owners typically pay higher taxes and lower fees for recreation activities than City of Eugene property owners. Under total annexation, recreation fees would probably increase for users from the River Road area. In River Road, overall taxes would also increase, but the tax contribution to recreation would decrease under annexation.

If the City of Eugene were to annex all of River Road or Santa Clara and the City acquired RRPRD's assets, the City's total population and total parks acreage would increase, and its costs and revenues would increase. Because the overall parks acreage would not increase much, but the population would grow by over 20,000 residents, the overall ratio of parks acres per 1,000 residents would decline with complete annexation. In total, there are currently 122 acres of parkland in the River Road and Santa Clara areas, or about 4 acres per 1,000 people living in the area.

While current park acreage is low and there are no community parks or metropolitan parks in the River Road/Santa Clara area, the City of Eugene is in the process of acquiring more parks in the area. For example, the City plans to acquire and develop approximately 40 acres in the Santa Clara area for a community park.¹¹

CITY OF EUGENE EXPECTED COSTS

The City would acquire the assets of the RRPRD. Its costs would rise to pay for staffing programs and maintaining the facilities. The RRPRD has requested that the City enter into a new intergovernmental agreement stipulating that in the event of total annexation of the district, the City would retain RRPRD staff and programming. No decision has been made about this matter.

If we assume that the City would operate Emerald Park in the same way that RRPRD operates, we can project some costs to the City under total annexation. If the City retained RRPRD staff and programming, some of the costs would be spread across City divisions. RRPRD has a full administrative and management staff that would be duplicative if the City annexed the entire district. The RRPRD would not be a stand alone agency and Emerald Park would no longer need to issue its own payroll or perform other tasks that are centralized within the City of Eugene. For example, Emerald Park would be part of the Eugene parks system and would not need a board of directors. If the City retained the current RRPRD staff, personnel costs of approximately \$1.65 million annually would be added to the current \$12.9 million in annual costs for parks, recreation and cultural services.

¹¹ City of Eugene Public Works Department, *Eugene Measure 20-03 Parks & Open Space Projects*.

The RRPRD currently expends \$0.6 million for services and materials, however, under total annexation the City would potentially realize some economies of scale for RRPRD's costs of services and materials. Additionally, capital costs would be financed as part of the City's larger capital budget and the City could realize some reduction in additional costs. To offset the increased cost, the City would be able to reduce its current expenditures by \$100,000, the amount it currently pays the Park District.

CITY OF EUGENE EXPECTED REVENUES

The City's revenues would rise as it collected fees from programs at Emerald Park. Currently, RRPRD charges generally lower fees than the City does for comparable activities.

It is unclear if the City would increase fees from the rates charged by RRPRD. Assuming that the City did not increase fees at Emerald Park, revenues would remain steady at the current rate of \$0.9 million annually.

COSTS TO PROPERTY OWNERS

Property owners of unincorporated properties would see their property taxes increase to the levels that City property owners pay. See Chapter 3 for a detailed discussion of property tax impacts.

HOW DIFFERENT GROUPS VIEW THE ISSUES

River Road Residents are very supportive of the River Road Parks and Recreation District and very satisfied with the Emerald Park and Recreation Center. Yet the feeling is that beyond this park, River Road, and especially Santa Clara, are underserved by neighborhood parks. According to the River Road and Santa Clara Urban Services Committee Final Report, Awbrey Park is in need of renovations and the other undeveloped sites lack the funding for development.¹²

Some residents think that the City and the RRPRD should work toward a renewed contract that ensures the long-term stability of the RRPRD. Some residents of Santa Clara would also like to explore incorporating Santa Clara into the RRPRD. The River Road and Santa Clara Urban Services Committee believes that the added revenue would greatly improve recreation in the area. The River Road and Santa Clara Urban Services Committee called building a community center for Santa Clara the most critical of recreation needs in the area.

RRPRD is proud of its facilities and offerings and wants to preserve them for the residents of the area. The RRPRD is concerned about its tax base and sustainability. RRPRD has no plans to expand into Santa Clara.

¹² River Road and Santa Clara Urban Services Committee, *Final Report and Recommendations*, Sept. 2002, p. 36.

The City recognizes that parks, recreation and cultural services are limited in the area and has purchased land and is planning to develop new parks.

CONCLUSIONS

Residents of Eugene and the River Road/Santa Clara area can all access the City of Eugene cultural services offered at the Hult Center and the Cuthbert Amphitheater for the same fees, regardless of residency. In addition, all residents of River Road and Santa Clara can choose to use the City of Eugene's parks and open space, free of charge. Residents of unincorporated River Road and Santa Clara pay an additional 20% non-resident fee for some recreation services.

In the River Road/Santa Clara area, park acreage per 1,000 City residents is below the Citywide average and there are no City of Eugene community parks or metropolitan parks in the River Road/Santa Clara area. However, the City plans to develop more park acreage in the future, so the area will be better served.

Property owners of River Road support the RRPRD with property taxes and recreation fees. RRPRD property owners pay property taxes of \$3.0559 per \$1,000 in assessed value plus the bond rate of \$0.4216 per \$1,000 in assessed value. For a property with an assessed value of \$115,000, property owners of RRPRD would pay an estimated \$351 under the \$3.4775 permanent rate and \$49 under the bond rate, or a total of \$400, for recreation and parks services.

Typically, RRPRD recreation fees are lower than City of Eugene fees. City of Eugene residents who live in the River Road area receive the same services and pay the same fees as RRPRD residents. Residents of Santa Clara or anywhere outside of River Road may choose to participate in RRPRD recreation services, paying an additional non-resident fee when required.

The City pays RRPRD \$100,000 to provide services to City residents in River Road. This is the equivalent of \$1.01 per \$1,000 in assessed value for properties in annexed portions of River Road. The City's payment to RRPRD does not cover the full cost of providing recreational services to annexed residents in River Road.

The Recreation and Cultural Services Divisions raise revenue through user fees that supports a significant portion of programming costs. Because the City leverages property tax proceeds with these and other sources of revenue, property owners in Eugene pay an estimated \$1.26 per \$1,000 in assessed value for these services, an estimated \$145 in property taxes for a single-family residence with an assessed value of \$115,000 for an urban level of service.

Under full annexation of the River Road/Santa Clara area, the cost to provide parks and recreational services would change. The City of Eugene would acquire the RRPRD and its assets. However, annexation would not significantly impact cultural services.

OVERVIEW

Planning and development services include building and permit services, metropolitan and community planning, and community development. The City of Eugene provides all of the River Road and Santa Clara areas with planning and permit services (see Table 8-1).

Table 8-1. Service providers in River Road and Santa Clara

	River Road	Santa Clara
Annexed	City of Eugene	City of Eugene
Unannexed	City of Eugene	City of Eugene

Source: Compiled by ECONorthwest.

The remainder of this section is organized as follows:

- **Understanding the service** describes how planning and development services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses revenues collected that are directly connected to delivering planning and development services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of planning and development services.

UNDERSTANDING THE SERVICE

URBAN LEVEL OF SERVICE

City planning departments in Oregon work within the statewide structure for land use planning. The statewide planning system is based on 19 statewide planning goals, which express the state's policies on land use and related topics, such as citizen involvement, housing, and natural resources. Local planning activities must be consistent with the statewide planning goals.

The City's Planning Division is responsible for long-range and short-term planning. Long-range plans, such as the City's Metro Plan, and neighborhood-based refinement plans, provide guides for the City to work to achieve long-term goals. Short-term planning typically involves permitting development activities.

The City of Eugene's land use code is the City's primary regulatory tool that affects development. Its regulations exist to maintain the health, welfare, and safety of the community, and the City's Planning and Development Department is responsible for interpreting and enforcing it.

ISSUES AND ANALYTICAL CONCERNS

The Metro Plan identifies the City of Eugene as the ultimate urban service provider for the River Road/Santa Clara area. The City of Eugene and Lane County have an intergovernmental agreement (IGA) outlining policies of an Urban Transition process and delegating authority for permitting and zoning in the River Road and Santa Clara areas to the City. Under the Urban Transition process, the Lane County Board of Commissioners must adopt all of the City of Eugene Land Use Code. Generally, the County has adopted all City of Eugene zoning code, including street connectivity standards. However, the City has made recent minor changes that the County has not yet adopted.¹

EXISTING SERVICES AND PROVIDERS FOR RIVER ROAD AND SANTA CLARA

The City of Eugene's Planning and Development Department provides building and permit services, metropolitan and community planning, housing and community development, and neighborhoods services to Eugene and all of the River Road/Santa Clara area. However, in some cases, residents of unincorporated areas of River Road/Santa Clara do not receive the same services as City of Eugene residents.

The Eugene Planning and Development Department has three divisions: the Building and Permit Services Division, the Planning Division, and the Community Development Division. Each of these divisions provides services in the River Road/Santa Clara area.

Under an IGA with Lane County, the **Building and Permit Services Division** provides for the permitting and inspection of electrical, mechanical, plumbing, building additions, remodels, and new construction. Building and Permit Services also manages solid waste and recycling programs and regulation, business licensing, and zoning and nuisance administration.

Currently, the City of Eugene sets all permitting and inspection fees at the same level for annexed and unannexed properties within the urban growth boundary.² However,

¹ Personal communication with Kurt Yeiter, Principal Planner, Eugene Planning and Development, May 28, 2004.

² Personal communication with Stuart Ramsing, Chief Building Official, Eugene Planning and Development, June 2, 2004.

the Metro Plan requires property owners to annex properties to Eugene in order for construction of new dwelling units, new connections to City services, or creation of new vacant, developable lots to occur in unincorporated areas of River Road or Santa Clara.³ The Planning Division handles annexations and charges such properties an annexation fee of \$340 to annex to the City. In addition, the Boundary Commission must approve all annexations. The Boundary Commission charges property owners a filing fee of \$815 for applications to annex one acre or less and from \$1,045 to \$3,300 for applications to annex lots ranging from one acre to 100 acres or more.⁴

Annexation is not required for remodeling, unless it includes the addition of a new dwelling unit, or the equivalent for a business.⁵ For example, permitting a new bathroom or bedroom, would not require annexation. However, the Building and Permit Services Division typically defines a second unit as including a second kitchen and therefore adding a second kitchen to a home would require annexation.⁶

The Boundary Commission requires that a property be inside Eugene's urban growth boundary and that a minimum level of urban services can be provided to the property before it will approve an annexation.⁷ Property owners must complete the "Summary of Urban Service Provision packet" outlining the provision of the following services:

- Communications (telephone),
- Electric,
- Natural Gas,
- Parks, Recreation and Cultural Services,
- Planning and Development,
- Public Safety (fire, emergency services, and police),
- Schools,
- Solid Waste,
- Stormwater,
- Streets,
- Wastewater, and
- Water.

³ Personal communication with Kurt Yeiter, Principal Planner, Eugene Planning and Development, June 7, 2004

⁴ City of Eugene Annexation Information and Forms Packet: River Road/Santa Clara area, <http://www.ci.eugene.or.us/pdd/Planning/Applications/annexation/rrsc.pdf>.

⁵ Personal communication with Kurt Yeiter, Principal Planner, Eugene Planning and Development, June 7, 2004.

⁶ Personal communication with Kurt Yeiter, Principal Planner, Eugene Planning and Development, June 7, 2004.

⁷ City of Eugene Annexation Information and Forms Packet: River Road/Santa Clara area, <http://www.ci.eugene.or.us/pdd/Planning/Applications/annexation/rrsc.pdf>.

The City of Eugene has provided some of the service information in the Summary of Urban Service Provision packet. However, property owners must state how schools, streets, stormwater and wastewater services will be provided upon annexation.

The **Planning Division** conducts all of the metropolitan and community planning within the River Road and Santa Clara areas, regardless of whether the properties are located inside or outside of the city limits. Long-range planning services include updates to the Metro Plan, creation of neighborhood refinement plans and other special area studies. The urban facilities plan for the River Road/Santa Clara area was last updated in 1987.⁸ The Planning Division also processes land use applications in response to most development applications, including all divisions of property, conditional use permits, planned unit developments, site reviews, and zone changes. The development review process includes outreach to the neighborhood organizations and owners of property near the proposed development site and opportunities for public hearings.

Changes to land use policy and zoning ordinances are processed through both Eugene and Lane County planning commissions and elected officials. The Eugene and Lane County Planning Commissions and the Eugene City Council and the County Commissioners usually hold public hearings jointly, so that citizens do not need to go to multiple meetings to participate.

The Planning Division recommended amending the Metro Plan, the River Road Santa Clara Urban Facilities Plan and zoning to form a Lower River Road Nodal Development Area. The City of Eugene and Lane County adopted and applied the Lower River Road Nodal Development Area in 2003. The nodal development area is located between River Road and the Willamette River from one lot south of Stults Street to one lot south of Thomason Street. A Nodal Development Area is designed to encourage walking, bicycling and transit use and increased density. Some land uses are prohibited in the Nodal Development Area, including new or expanded drive-through windows or facilities. The Lower River Road Nodal Development Area land use standards apply only within the city limits and to new development on vacant land, new structures on developed properties, and expansions of 30% or more of developed properties. However, any new development or additions of dwelling units to unannexed properties would require annexation.

Services provided by the **Community Development Division** include managing federal Community Development Block Grants (CDBG), affordable rental housing and home ownership programs, neighborhoods programs, and downtown planning and improvement. The Community Development Division uses CDBG monies for housing development and rehabilitation, emergency repair loans, social services, City capital projects, accessibility improvements and business loans within city limits.

The Neighborhood Program works with 19 neighborhood associations and two business organizations in Eugene, including the River Road Community Organization and the Santa Clara Community Organization.⁹ Anyone who lives,

⁸ Personal communication with Kurt Yeiter, Principal Planner, Eugene Planning and Development, May 28, 2004.

⁹ <http://www.ci.eugene.or.us/neighbor/index.htm>.

works, or owns property in the River Road and Santa Clara areas can participate in the City of Eugene Neighborhood Program. However, the City of Eugene provides funds for neighborhood newsletters based on the number of city residents within a neighborhood. Thus, the River Road and Santa Clara neighborhood associations receive newsletter funding based on the number of residents within the annexed areas and not on the entire population of the area. Lane County does not provide any funding for neighborhood programs.

The Community Development Division also provides historic preservation funding and services that facilitate the restoration and rehabilitation of historic structures, landscape features, and other culturally significant physical objects and geographic areas. Now that the County has adopted the code pertaining to historic preservation, unincorporated areas are included in historic preservation. A resident of an unincorporated area of River Road/Santa Clara can now receive historic preservation status from the City's Historic Review Board, staffed by the Planning Division. Previously, unannexed properties were required to annex to the City of Eugene to receive historic preservation status.¹⁰ However, unannexed property is not eligible for the historic preservation loan program.

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

All of River Road and Santa Clara receive planning and development services from the City of Eugene. Unincorporated areas of River Road and Santa Clara do not receive all of the services available inside the city limits. For example, affordable housing programs are only available within the City of Eugene and rehabilitation loans are not available to non-residents.

Permitting and inspection fees are the same for annexed and unannexed properties within the urban growth boundary. However, the Metro Plan requires property owners to annex properties to Eugene and pay a \$340 annexation fee to the City in addition to the Boundary Commission fee in order for construction of new dwelling units or businesses to occur in unincorporated areas of River Road or Santa Clara.

FISCAL ANALYSIS

The Planning and Development Department has many different cost categories, which can be organized into operating and maintenance (O&M) and capital. We first discuss O&M, and then capital.

OPERATING AND MAINTENANCE

Planning and Development's operating and maintenance budget for Fiscal Year 2003-2004 is \$16.6 million and includes \$7.9 million for personnel and \$8.7 million for services and materials. The majority of expenditures in the planning and

¹⁰ Personal communication with Kurt Yeiter, Principal Planner, Eugene Planning and Development, May 28, 2004.

development operating and maintenance budget are paid for by funds other than the City's General Fund, as summarized in Table 8-2.

Table 8-2. Funds for Planning and Development operating and maintenance budget, FY 2003-2004

Fund	Total Expenditures	Percent of O&M Budget
General Fund	\$6,051,464	36.4%
Construction Permits Fund	3,480,282	21.0%
Community Development Fund	4,065,509	24.5%
Parking Services Fund	2,792,485	16.8%
Facilities and Fleet Services Fund	219,981	1.3%
Total	\$16,609,721	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2004.

In this section, we first discuss the General Fund expenditures for planning and development O&M, and then we discuss the services supported by the other funds.

GENERAL FUND

The General Fund accounts for monies, such as property taxes, that are not dedicated to specific purposes and can be used for general City services. The Planning and Development Department has two cost categories within the General Fund for O&M:

- Operating and maintenance includes expenditures for personnel, supplies, equipment and fleet and facilities maintenance.
- Administrative costs including central administrative services, or the City's central business functions, such as human resources.

The Planning and Development Department's General Fund operating and maintenance expenditures for Fiscal Year 2003-2004 are about \$6.1 million (see Table 8-2). To show total operating and maintenance costs associated with providing planning and development services in Eugene, some expenditures must be added on to the department's General Fund operating and maintenance expenditures, including indirect costs for Central Services. The allocation of Central Service costs is a department's share of the City's costs for central business functions. The City calculates the allocation for each department to estimate the full cost of providing services by summing the Central Services Department's costs for indirect services and each department's administrative costs. Total administrative costs are then reallocated across departments. Because the allocation for indirect services includes department administrative costs, we must net out the Planning and Development Department's General Fund administrative costs before adding the indirect service allocation. Planning and Development Department administrative costs are \$0.5 million. The Central Services cost allocation for the Planning and Development Department is \$0.5 million.

The Planning and Development Department's General Fund budget also includes the Solid Waste and Recycling programs. However, solid waste and recycling services are paid for with revenue from solid waste fees paid by garbage haulers, as discussed in Chapter 3 Overview of City of Eugene's Budget. We therefore subtract the Solid Waste and Recycling costs from the Planning and Development Department's General Fund operating and maintenance budget.

We have calculated total General Fund costs for providing planning and development services to be \$5.5 million. Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$0.63 per \$1,000 in assessed value for planning and development O&M.

Property taxes do not cover all costs for planning and development services. To calculate the actual property tax contribution to the provision of services we need to first reduce our calculation for total General Fund costs (\$5.5 million) by the amount of revenue that a particular service contributes to the General Fund. The Planning and Development Department contributes \$0.7 million in revenue to the General Fund. Thus, General Fund costs that are not covered by revenue generated by the Planning and Development Department total \$4.8 million. We calculated the property tax contribution to this amount by determining what percent of nondedicated General Fund revenue planning and development services costs account for. We then multiplied that portion by the permanent property tax rate of \$7.0058 to determine the Planning and Development Department's portion of the permanent rate. Table 8-3 shows the contribution of property taxes to the planning and development services General Fund operating budget.

Table 8-3. Property Tax Contribution to Operating and Maintenance Expenditures, FY 2003-2004

	FY2003-2004 Expenditures (\$)
Planning and Development's Total O&M Budget	16,609,721
General Fund-Planning and Development O&M Budget	6,051,464
Department Administrative Costs	(509,967)
Planning and Development Indirect Cost Allocation for Central Services	458,000
Solid Waste & Recycling Costs	(472,011)
Planning and Development Revenue to the General Fund	(682,827)
Calculated Planning and Development O&M Costs	4,844,659
Calculated Portion Covered by Property Taxes	\$0.45

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2004.

In total, City of Eugene property owners are paying property taxes of approximately \$0.45 per \$1,000 in assessed value for planning and development services for Fiscal

Year 2003-2004.¹¹ For a property with an assessed value of \$115,000, an estimated \$52 per year of property taxes would pay for planning and development.

OTHER FUNDS

The **Construction Permits Fund** accounts for construction permit activities. The fund is primarily supported by construction permit fees. If the City were to fully annex River Road/Santa Clara, revenues would not change from their current status.

The **Community Development Fund** accounts for monies from grants from the U.S. Department of Housing and Urban Development, including the Community Development Block Grant, for use to subsidize loans to individuals and businesses and for monies from the General Fund used to preserve historic properties.

The **Parking Services Fund** accounts for revenues from parking fees and fines for operation and maintenance of City-owned parking facilities. The Fund receives no tax revenue from Eugene property owners.

The **Facilities and Fleet Services Fund** accounts for facility maintenance services on City buildings, the purchase of vehicles and equipment and maintenance of vehicles and equipment.

IMPACTS OF EXPECTED GROWTH AND CHANGE

Current policies require property owners to annex a property in order for construction of new dwelling units, new connections to City services, or creation of new vacant, developable lots to occur in unincorporated areas of River Road or Santa Clara. Through this policy, the City of Eugene is already collecting fee-based revenue from River Road and Santa Clara property owners. Annexation of the entire area would not change expected fee-based revenue. It is possible, however, that development has not occurred in the areas because of the City's annexation policy. The extra inconvenience or lack of desire to become part of the City may have prevented some property owners from further developing property, and full annexation would unleash that possible pent-up demand. In order to maintain the current level of service, additional funding for neighborhood newsletters would be required under full annexation.

HOW DIFFERENT GROUPS VIEW THE ISSUES

Some **residents of River Road and Santa Clara** distrust the City and are unhappy with the imposition of City planning and development standards on the area.¹² The River Road and Santa Clara Urban Services Committee expressed great dissatisfaction with the City of Eugene's planning and development policies and

¹¹ The City of Eugene realizes a 93% collection rate for property taxes. This means that if the City of Eugene were to levy just for planning and development services, it would need to levy at a higher rate than \$0.45 per \$1,000 in assessed value in order to collect \$0.45 per \$1,000 in assessed value. The City would need to actually levy \$.48.

¹² River Road and Santa Clara Urban Services Committee, *Final Report and Recommendations*, Sept. 2002, p. 38.

practices. Residents believe the area is unique and should be allowed to retain its suburban qualities. Some residents have requested an updated neighborhood plan because the River Road/Santa Clara area has changed significantly since 1987, when the plan was last updated.

With the distrust residents feel, there seems to be confusion over annexation requirements. Some residents believe that any work or remodeling on their home that would require a permit would also require annexation to Eugene.

Under the Metro Plan, the **City of Eugene** has the responsibility to provide for managed growth and development in the area. Therefore, the City has assumed the role of planning and development services provider for the entire area.

CONCLUSIONS

The City of Eugene is already providing planning and development services in the River Road/Santa Clara areas and is imposing City of Eugene standards on the area. In order to receive a construction permit for new development or a new unit in existing development, a property must be annexed to the City. However, a homeowner can remodel or even expand an existing home without necessitating annexation, if a new dwelling unit or connection to services is not added in the process.

The costs for planning and development are paid for with a combination of permit fees and the General Fund. Property owners in unannexed areas pay for some services through permit fees, however they do not pay for planning services that the City provides to areas outside City limits but inside its planning area. We calculate that City property owners pay \$0.45 in property taxes to support the planning and development services, or \$52 in property taxes for a single-family residence with an assessed value of \$115,000.

OVERVIEW

Police Services include law enforcement efforts, investigation of financial, property or person crimes, and special operations. Table 9-1 lists the providers of police services in the study area.

Table 9-1. Service providers in River Road and Santa Clara

	River Road	Santa Clara
Annexed	City of Eugene	City of Eugene
Unannexed	Lane County Sheriff	Lane County Sheriff

Source: Compiled by ECONorthwest.

The remainder of this section is organized as follows:

- **Understanding the service** describes how police services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing police services and how those costs compare to costs within the City of Eugene. It also discusses revenues collected that are directly connected to delivering police services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of police services.

UNDERSTANDING THE SERVICE

URBAN LEVEL OF SERVICE

The City of Eugene Police Department provides emergency and incident response to calls that arrive through the 911 Public Safety Answering Point (PSAP), or from direct requests for help by a citizen at an emergency scene. The Department's goal is

to protect the lives, rights, and property of citizens. The Police Department has a wide variety of interdependent operations, including (but not limited to) patrol, crime analysis, incarceration services, bomb squad, detective services, interagency narcotics enforcement team, and administration.

The Eugene Police Department uses community policing, incident response, and crime investigation methods in police services. To the extent possible the Department works to prevent crime through its community policing program. Community policing emphasizes prevention and partnerships with social service agencies, civic groups, businesses, neighborhood and community groups, and individual citizens to address quality of life and crime issues. In practice, the Eugene Police Department does not have sufficient capacity to patrol the City in search of criminal activity. The officers on patrol respond to calls reporting criminal activity and when time is available initiate activity to address chronic problems.

ISSUES AND ANALYTICAL CONCERNS

Paying for police services is similar to paying for fire protection: you hope you never use it. A resident hopes to never need the police to investigate a crime on his or her property. It is possible that residents in low crime areas would say that they do not need a full and expensive level of police service. But to have the police available for the rare crime event means that it has to be provided all the other times as well. The service is available to everyone all the time.

An urban police department polices an entire community, but the police presence is not evenly distributed across a community. If a resident frequently observes a police car in his or her neighborhood, it could indicate that the Police Department is responding to frequent calls in that neighborhood. The lack of a patrolling police officer may indicate a lack of calls for police officers and a low level of crime in the neighborhood.

People in different areas of a city could make a case that they need different levels of police protection and should pay different costs. But those residents in low crime areas do benefit from the high level of police activity in the higher crime areas. Ideally, the Police are arresting criminals and preventing them from continuing their criminal activities. If the system works, low-crime areas will continue to be low-crime areas.

In a metropolitan area with a mix of emergency response capabilities, *not responding* to a crime in progress is not an option. If one area has an immediate need for police response, but has a lesser capability to respond to the crime because of voter and elected officials' decisions to fund less staff and equipment, other jurisdictions will provide back up.

The dispatch center is budgeted in the Police Department. Other public safety agencies pay for fire dispatch services under contract with the City of Eugene. The cost of 1.5 dispatchers is paid for from the Emergency Medical Services Fund.

EXISTING SERVICES AND PROVIDERS FOR RIVER ROAD AND SANTA CLARA

In this section we discuss existing service levels and providers in the River Road and Santa Clara area. Table 9-2 summarizes the level of service, which is described in further detail in the following text.

Table 9-2. Service providers in River Road and Santa Clara and level of service

	River Road	Santa Clara
Annexed	City of Eugene: Urban Service	City of Eugene: Urban Service
Unannexed	Lane County Sheriff: Limited Service	Lane County Sheriff: Limited Service

Source: Compiled by ECONorthwest.

Police services are delivered to River Road and Santa Clara by a combination of City of Eugene Police and the Lane County Sheriff's Office. The County, the City, and the Oregon State Patrol also have mutual aid agreements outlining emergency response throughout the area that affect the River Road/Santa Clara area, but are not specific to the provision of police services in the River Road and Santa Clara areas.

CITY OF EUGENE

The Eugene Police Department (EPD) has three divisions for the provision of police services.

- The **Patrol Division** provides day-to-day law enforcement, including responding to calls for service, and community outreach.
- The **Investigations Division** includes crime investigation and analysis, crime scene processing, and School Resource Officers.
- The **Special Operations Division** includes K-9, Traffic Enforcement, Special Weapons and Tactics (SWAT), Vice Narcotics Unit, and Explosive Disposal Unit teams. The interagency SWAT team is a cooperative effort of the EPD and the Lane County Sheriff's Office.¹

The City of Eugene also provides centralized public safety services to the entire region through the Central Lane Communications 911 Center.

The EPD currently has 184 sworn officers. Based on the City's estimated population of 144,000, the EPD has 1.28 officers per 1,000 residents.² EPD has four public

¹ The interagency SWAT team is being eliminated in the Fiscal Year 2004-2005 budget.

² For the purposes of performance measures and comparisons to other jurisdictions, the City measures full-time equivalents (FTE) per 1,000 residents by actual hours worked. Our comparison is based on sworn positions and not on FTEs.

safety stations in addition to the main station at City Hall: the City Center Public Safety Station, located at 1099 Olive in the Lane Transit District Building, the Whiteaker Public Safety Station, located at 520 Blair Boulevard, the West University Public Safety Station, located at 791 East 13th Avenue, and the Bethel Public Safety Station, located at 464 Highway 99. The public safety stations are staffed part-time. There is no public safety station in the River Road/Santa Clara.

The EPD has divided Eugene into five patrol districts. Annexed areas of River Road and Santa Clara are included in District 4, which also includes the industrial corridor and the Bethel/Danebo areas. The Police Department established the five patrol districts based on calls for service and the geographical layout of Eugene.³ For every shift, the EPD divides teams of five to six officers and one sergeant across the five patrol districts. There is usually at least one officer assigned to each district. In the busiest hours of the day, there is more than one team working at the same time and the EPD may assign larger teams. Therefore, at the busier times there could be at least two officers assigned to District 4. Officers do provide back up to one another in different districts. However, geographical distances from one patrol district to another, calls for service already in progress, and traffic can delay back up.

The EPD does not have the capacity to patrol the City in search of criminal activity. Instead, it responds to calls. The EPD responds to all calls, prioritized on the basis of severity. In addition to responding to crimes in progress, a police officer will respond to non-emergency calls, such as a burglary that is discovered after the fact. For example, if a family returns from a vacation to find that their home was burglarized during their absence, a police officer will come to the scene and take a report.

Currently, there is always at least one patrol officer assigned to District 4, which includes River Road and Santa Clara. Calls that have been identified as being within city limits are dispatched to patrol officers. Under the current dispatch system it takes at most a week to update changes to addresses. For example, if an address is annexed, it may take up to a week for the dispatch system to automatically route a call from that address to the EPD. If the system cannot validate an address, it routes the call to a dispatcher who will consult the address files and records system to determine jurisdiction. The 911 Center is in the process of implementing a new computer aided dispatch (CAD) system.

Depending on the severity of a call, EPD, the Lane County Sheriff and the Oregon State Police may respond regardless of the jurisdiction. The three agencies have statewide jurisdiction and can respond to any violation of the law regardless of the location in Eugene or Oregon. Individuals ticketed for a traffic offense go to the Eugene Municipal Court if tickets are issued in annexed areas or County Circuit Court if tickets are issued on unincorporated streets.

As part of its community policing methods, the EPD has School Resource Officers (SROs) in five Eugene high schools in the 4J and Bethel school districts: Churchill,

³ Personal communication with Linda Phelps, Strategic Planner, Eugene Police Department, May 7, 2004.

located in southwest Eugene, North Eugene, located in the River Road/Santa Clara area, Sheldon, located in northeast Eugene, South Eugene, located in southwest Eugene, and Willamette, located in the Bethel/Danebo area. SROs are sworn officers that staff the high schools Monday through Friday from 8:00 am to 4:00 p.m. The EPD also has two crime prevention specialists, who are civilian staff focused preventing the criminalization of high-risk youth. One crime prevention specialist is assigned to elementary and middle schools in the Bethel school district. The other crime prevention specialist is assigned to three 4J schools located in the River Road and Santa Clara areas: Awbrey Park and Spring Creek elementary schools and Madison Middle School.

LANE COUNTY SHERIFF

The Lane County Sheriff's Office provides police and corrections services to Lane County. The police services provided by the Sheriff's Office to unincorporated areas of the county include patrol services, criminal investigations and special operations. As mentioned previously, the County and City previously support the SWAT team as an interagency effort. However, beginning in Fiscal Year 2004-2005, Lane County is no longer participating in the SWAT team.

There are currently a total of 36 sworn deputies and sergeants covering a countywide unincorporated area population of about 104,000. Therefore, the Sheriff's Office has 0.35 deputies per 1,000 residents. This means that there are only a few sheriff's patrols for all of Lane County at any time. The Sheriff's Office serves a geographical area of 4,618 square miles, resulting in less than 0.01 sworn deputies for every square mile of its service area.⁴

The Sheriff's Office is unable to respond to every non-emergency call for service. For example, if a resident of an unincorporated area calls in a burglary that has already occurred, the Sheriff's Office will take a report over the phone, or the resident can download a report off the Sheriff's website. In some cases, an officer will not be dispatched to the property.

In an emergency, such as a crime in progress, the Sheriff is dispatched to the property. Under the mutual aid agreement, the EPD may also be dispatched and the EPD may be the first responder to the call. In the event that a Eugene police officer is closer to the scene than a Sheriff's deputy, the EPD is able to respond to the emergency more quickly.

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

Non-City residents receive a lower level of service than City residents. The Sheriff's office has fewer patrols than the Eugene Police Department, and it is responsible for a larger geographic area. The EPD is able to respond with more staff and in a more timely manner than the Sheriff's Office.

⁴ Lane County Sheriff's Office, http://www.co.lane.or.us/Sheriff_PoliceServices/MO_Patrol.htm.

The EPD has 184 sworn officers, or 1.28 officers per 1,000 residents.⁵ The Sheriff's Office has 36 sworn deputies, or 0.35 officers per 1,000 residents. The EPD serves a smaller geographic region, 42 square miles, and has 4.28 officers per square mile. The Sheriff's Office has .01 officers per square mile.

The City provides police services to annexed residents of both River Road and Santa Clara. The City responds to all calls in the annexed areas, prioritized on the basis of severity of the crime. Throughout the day, there is usually at least one sworn officer assigned to District 4, which includes River Road and Santa Clara.

The City also provides some special services to all residents of the area, including the School Resource Team. North Eugene High School has an SRO as do the other four high schools in Eugene. The EPD has assigned crime prevention specialists to the Bethel/Danebo area and the River Road/Santa Clara areas only.

The County Sheriff provides police services to the unannexed residents of River Road/Santa Clara. But because they have fewer sworn officers and cover a much wider geography, the Sheriff does not come to the scene for non-emergency—residents may report the crime over the telephone.

Between January 1, 2003 and December 31, 2003, the EPD responded to 392 calls for service in the unincorporated areas of River Road and Santa Clara, excluding traffic and person stops.⁶ During 2003, the EPD typically arrived at the scene in unincorporated areas of River Road and Santa Clara more quickly than to calls in annexed areas. For example the EPD arrived at the scene in unincorporated areas in an average of 4.94 minutes in response to Priority 1 and 2 calls, which are emergency calls that require immediate response due to immediate threat to life or property. The EPD averaged 6.35 minutes to Priority 1 and 2 calls in annexed areas of River Road and Santa Clara. This can be partially explained by the proximity of the officer when a call for service is received.

FISCAL ANALYSIS

CITY OF EUGENE

The Police Department has many different cost categories, which can be organized into operating and maintenance (O&M) and capital. We first discuss O&M, and then capital.

OPERATING AND MAINTENANCE

EPD's operating and maintenance budget for Fiscal Year 2003-2004 is \$32.8 million and includes \$27.0 million for personnel and \$5.8 million for services and materials. The City of Eugene funds police operations and maintenance with five funds, but

⁵ For the purposes of performance measures and comparisons to other jurisdictions, the City measures full-time equivalents (FTE) per 1,000 residents by actual hours worked. Our comparison is based on sworn positions and not on FTEs.

⁶ Eugene Police Department report, "*River Road/Santa Clara Area Police Calls for Service.*"

the majority of expenditures in the police operating and maintenance budget are paid for by the City's General Fund. The Police Department uses four additional funds, the PSAP Fund, the INET Fund, the Municipal Airport Fund, and the Emergency Medical Services Fund, summarized in Table 9-3.

Table 9-3. Funds for Police operating and maintenance budget, FY 2003-2004

Fund	Total Expenditures	Percent of O&M Budget
General Fund	\$30,100,715	91.9%
911 PSAP Fund	1,788,935	5.5%
INET Fund	445,534	1.3%
Municipal Airport Fund	305,260	0.9%
Emergency Medical Services Fund	118,344	0.4%
Total	\$32,758,788	100.0%

Source: City of Eugene Annual Budget – Fiscal Year 2004.

In this section, we first discuss the Police services funded by the General Fund, and then we discuss the services supported by the other funds.

GENERAL FUND

The Police Department has three cost categories within the General Fund for O&M:

- Operating and maintenance includes expenditures for personnel, supplies, equipment and fleet and facilities maintenance.
- Central administrative services are the City's central business functions, such as human resources.
- Fleet acquisition costs are for new or replacement vehicles and are included in the Fleet Fund.

The Police Department's General Fund operating and maintenance expenditures for Fiscal Year 2003-2004 are about \$30.1 million (see Table 9-3). To show total operating and maintenance costs associated with providing police services in Eugene, some expenditures must be added on to the department's General Fund operating and maintenance expenditures, including indirect costs for Central Services and fleet acquisition costs.

The allocation of Central Service costs is a department's share of the City's costs for central business functions. The City calculates the allocation for each department to estimate the full cost of providing services by summing the Central Services Department's costs for indirect services and each department's administrative costs. Total administrative costs are then reallocated across departments. Because the allocation for indirect services includes department administrative costs, we must net out the Police Department's General Fund administrative costs before adding the indirect service allocation. Police Department administrative costs are \$0.7 million. The Central Services cost allocation for the Police Department is \$4.2 million.

Fleet acquisitions total an estimated \$224,000 and are paid for with a transfer from the General Fund to the Fleet Fund. Because fleet acquisition costs for police services are paid for with a General Fund transfer we must add those costs to General Fund O&M expenditures to understand the full General Fund contribution to police services.

We have calculated total General Fund costs for police services to be \$33.8 million. Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$3.84 per \$1,000 in assessed value for police O&M.

Property taxes do not cover all costs for police services. To calculate the actual property tax contribution to the provision of services we need to first reduce our calculation for total General Fund costs (\$33.8 million) by the amount of revenue that a particular service contributes to the General Fund. The Police Department contributes \$1.7 million in revenue to the General Fund. Thus, General Fund costs that are not covered by revenue generated by the Police Department total \$32.1 million. We calculated the property tax contribution to this amount by determining what percent of nondedicated General Fund revenue police services costs account for. We then multiplied that portion by the permanent property tax rate of \$7.0058 to determine the Police Department's portion of the permanent rate. Table 9-4 shows the contribution of property taxes to the police services General Fund operating budget.

Table 9-4. Property Tax Contribution to Operating and Maintenance Expenditures, FY03-04

	FY2003-2004 Expenditures (\$)
Police Department's Total O&M Budget	32,758,788
General Fund-Police O&M Budget	30,100,715
Police Department administrative costs	(723,350)
Police Department Indirect Cost Allocation for Central Services	4,191,000
Fleet Acquisition Costs	224,000
Police Revenue to the General Fund	(1,704,868)
Calculated Police O&M Costs	32,087,497
Calculated Portion Covered by Property Taxes	\$2.98

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2004.

City of Eugene property owners are paying property taxes of approximately \$2.98 per \$1,000 in assessed value for police services for Fiscal Year 2003-2004.⁷ For a property with an assessed value of \$115,000 (the approximate average assessed value

⁷ The City of Eugene realizes a 93% collection rate for property taxes. This means that if the City of Eugene were to levy just for police services, it would need to levy at a higher rate than \$2.98 per \$1,000 in assessed value in order to collect \$2.98 per \$1,000 in assessed value. The City would need to actually levy \$3.20.

within River Road/Santa Clara), would pay an estimated \$343 per year of property taxes for police services.

TOTAL OPERATING AND MAINTENANCE COSTS

There are four other funds that support about 8% of the Police Department O&M.

Other Funds

The **Public Safety Answering Point (PSAP) Fund** supports the City's emergency dispatch center, operated by the Police Department. The fund is primarily supported by telephone tax revenues and charges for services.

The **Interagency Narcotics Enforcement Team (INET) Fund** generates revenues from intergovernmental agreements with interagency partners.*

The **Municipal Airport Fund** accounts for operations of the municipal airport. The fund generates revenue by renting airport terminal space to airlines, landing fees, and police and fire protection charges. The Eugene Police Department provides police services to the Eugene Airport, and this fund supports those services.

The **Emergency Medical Services Fund** accounts for the operations of ambulance-based services provided by the Fire and EMS department. The Fund pays for 1.5 dispatchers in the Police Department budget. The Fund's revenues are generated by user charges—received from FireMed, insurance companies, Medicare, and Medicaid for providing medical transport services.

CAPITAL

Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000, such as constructing a new building. Capital projects are included in a separate Capital Budget.

The City of Eugene has one outstanding General Obligation Bond issuance for Public Safety Facilities with total remaining principal of \$24,110,000. The police portion of the Public Safety Facilities General Obligation Bond issuance was relatively small. For simplicity, we have included all of those costs in the section on Fire and Emergency Medical Services.

TOTAL COSTS

Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$3.84 per \$1,000 in assessed value for total police O&M and capital costs.

* INET funds were eliminated in the FY04-05 budget.

LANE COUNTY SHERIFF

The Lane County Sheriff's Office provides public safety services to all unincorporated areas of Lane County. The Lane County Sheriff's Office's total operating budget for Fiscal Year 2003-2004 is \$24.5 million.⁹ The Sheriff's Office estimates that countywide police services account for \$6.0 million of Sheriff expenditures.¹⁰

Based on Lane County's tax rate of \$1.27 and the portion of the County's total budget attributed to the Sheriff's Office, we have calculated that the Lane County Sheriff's Office is spending \$0.13 per \$1,000 in assessed value to provide countywide police services and an additional \$0.39 per \$1,000 in assessed value to provide corrections services and specialized services. Property owners of Lane County, therefore, pay an estimated \$0.52 per \$1,000 in assessed value for the Sheriff's Office. This is not a precise calculation of property owners' contributions to the Sheriff's budget, only a broad estimate.

For a property with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara), would pay an estimated \$60 per year of property taxes for the Sheriff's Office, of which an estimated \$15 per year is for the Sheriff's police services.

IMPACTS OF EXPECTED GROWTH AND CHANGE

CITY OF EUGENE

The City of Eugene expects that the Santa Clara area will grow, and that new developments in Santa Clara and subdivided lots in River Road will continue to be annexed to the City. Population of an area drives police services. The larger the population, the more calls for services the EPD will receive. Under increased annexation, the City would be responsible for more area and for a higher population. In order to maintain a ratio of sworn officers to residents that is comparable to the current level, the EPD would need additional staff, including sworn officers and related support staff, under full annexation.

Because patrol districts are based on the number of calls for service and the geographic time to travel, if calls for service increased significantly in the River Road and Santa Clara area, the City may need to reconfigure the districts.

LANE COUNTY

The Lane County Sheriff's Office calls for service to the area will decline if more of River Road and Santa Clara are annexed to the City of Eugene. However, Lane County's revenue from property taxes will not be impacted by increased annexation.

⁹ Lane County FY04 Budget.

¹⁰ Personal communication with Captain Bret Freeman, Lane County Sheriff's Office, September 22, 2004.

HOW DIFFERENT GROUPS VIEW THE ISSUES

This section briefly summarizes the view that service providers and service recipients have toward the provision of police services in the River Road and Santa Clara areas.

The Urban Services Committee reported that **citizens of River Road and Santa Clara** consider police services to be “spread thin.” The patchwork of service resulting from current and past annexation policies is confusing and frustrating to residents. Some residents of unincorporated areas of River Road and Santa Clara know to ask a neighbor in an annexed house to call the police if there is an emergency. They believe this will bring a quicker response from the EPD. In many cases however, unincorporated areas are not adjacent to an annexed household and do not have this option. Some residents of annexed areas feel “that the current configuration is broadly unfair and utterly dysfunctional” and that “County residents are reaping a windfall, and City residents are becoming reactive when they cannot get the urban level of service they pay for.”¹¹

The City of Eugene has a responsibility to ensure that City residents receive an urban level of police services. All City residents should receive the same level and quality of service. The EPD states that police services are equal across districts in similar areas. Annexed residents in River Road/Santa Clara receive the same service as residents in other part of Eugene

The Lane County Sheriff's Office is constrained by limited resources. The Sheriff's Office is responsible for police services in all unincorporated areas of Lane County. The Sheriff would not be negatively impacted by further annexation in the River Road/Santa Clara areas. In fact, calls for service would decline, but revenues would not change.

CONCLUSIONS

City residents of River Road and Santa Clara receive an urban level of police services from the City of Eugene comparable to the service received by other parts of the City. Annexed areas of River Road and Santa Clara receive some services that other areas of Eugene do not. The EPD has a crime prevention specialist in schools in the River Road/Santa Clara areas and in Bethel/Danebo, but nowhere else in the city. There is no public safety station in the River Road/Santa Clara. However, many neighborhoods within Eugene do not have a public safety station.

Police is the most costly urban service in Eugene. City of Eugene property owners pay an estimated \$343 per year in property taxes for police services for a property with an assessed value of \$115,000. A property with assessed value of \$150,000 would result in a property tax contribution to police services of an estimated \$447. All City of Eugene residents receive a more urban level of service than residents of unincorporated areas.

¹¹ River Road and Santa Clara Urban Services Committees. *Final Report and Recommendations*. September 2002. Page 40.

Residents of unincorporated River Road and Santa Clara are served by the Lane County Sheriff's Office, which provides a rural level of police service. The City of Eugene is often compelled to respond to calls in unannexed areas of River Road and Santa Clara, including crimes in progress, if the Sheriff's patrols are out of the area. In addition, anecdotal evidence indicates that residents of unannexed areas call for police from annexed residences in order to ensure an EPD response.

OVERVIEW

Stormwater systems collect water runoff from impervious surfaces, enabling the water to drain away from structures. The City of Eugene and Lane County provide stormwater services to residents in River Road and Santa Clara. The City provides infrastructure for annexed residents; the County's provision of stormwater services is limited to maintenance of stormwater infrastructure on roadways. The City and County have divided the River Road and Santa Clara areas for the maintenance of stormwater management services along roadways.

The remainder of this section is organized as follows:

- **Understanding the service** describes how stormwater services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses revenues collected that are directly connected to delivering stormwater services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of stormwater services.

UNDERSTANDING THE SERVICE

Stormwater is water that runs off any hard surface, including roads, sidewalks and roofs. It includes rainwater and any other water that flows along streets, including water draining from driveways after someone washes a car, and water running off a lawn.

URBAN LEVEL OF SERVICE

A typical stormwater system in the United States consists of gutters and drains that collect runoff. Some cities have combined sewer systems, where storm runoff is collected into the same network of pipes as wastewater from buildings. The combined flows are directed to a treatment plant, where the storm runoff is treated with the wastewater. A combined sewer system is problematic during large storm events, where the runoff is greater than the capacity of the treatment facility, and the combined flow must be released into a waterway without being treated.

Other communities have separate sewer systems. Wastewater from buildings flows through pipes that lead to a treatment plant, where the wastewater is treated before being released into a waterway. The stormwater runoff flows through pipes that drain directly to waterways. The runoff is not treated.

The City of Eugene has a separate sewer system. The stormwater collection system includes all publicly maintained pipes, culverts, gutters, catch basins, ditches, channels, ponds, wetlands and related waterways. Stormwater is not treated before it enters the storm drainage system, which leads directly to nearby waterways. In eastern Eugene, storm drains empty into the Mill Race and the Willamette River. In western Eugene, storm drains flow into Amazon Creek, which leads north to Fern Ridge Reservoir. Fern Ridge discharges to the Long Tom River, which ultimately reaches the Willamette River downstream.

In Eugene, as in most U.S. cities, stormwater collection systems are made up of pipes, drains, and gutters. The system collects runoff from the City's impervious surfaces and delivers it to waterways. Gutters, drains, and storm sewers convey runoff rapidly to stream channels. Such stormwater systems have been very effective at minimizing flood damage and draining water away from properties. But the systems have also inflicted costs on waterways. Research has shown that impervious surfaces associated with urban areas lead to increased surface erosion, higher and faster storm flows in streams, and increased channel erosion.¹

There are many tools available to cities to protect their natural waterways. One tool proposed by watershed planners is that local jurisdictions modify their land use code to reduce the creation of impervious surfaces. Existing codes often result in the creation of needless impervious cover, such as wide streets and parking requirements. Strategies to minimize impervious cover include changing the code to reduce mandated residential road widths, require sidewalks on only one side of the street, and use swales instead of curbs and gutters to direct runoff.²

The federal Clean Water Act is the primary federal legislation that protects surface waters, such as lakes, rivers, and coastal areas. The 1987 amendments to the Clean Water Act required the Environmental Protection Agency to develop a comprehensive, phased program to regulate stormwater discharges under the National Pollution Discharge Elimination System (NPDES) program. The NPDES "Phase I rule," issued in November 1990, mandated that communities with more than 100,000 residents begin reducing the discharge of stormwater pollutants into streams and rivers. In Oregon, the NPDES program is administered by the Oregon Department of Environmental Quality (DEQ). The City of Eugene received its NPDES Phase I Stormwater Permit from the DEQ in November 1994.

¹ Booth, D.B. and C.R. Jackson. 1997. "Urbanization of Aquatic Systems: Degradation Thresholds, Stormwater Detection, and the Limits of Mitigation." *Journal of the American Water Resources Association*, 33:5, Page 1078, and Allen, J., A. Salamack, and Page Schoonmaker, *Restoring the Willamette Basin: Issues and Challenges*. Institute for the Northwest for the U.S. Army Corps of Engineers. 1999. Page 17

² Center for Watershed Protection. Site Planning for Urban Stream Protection. (http://www.cwp.org/pubs_download.htm).

In addition to applying for a Phase I permit from the DEQ, the City of Eugene developed and adopted a Comprehensive Stormwater Management Plan (CSWMP) that laid the groundwork for change to stormwater management. The Plan enables the City to integrate flood control measures with federal water quality mandates while protecting related wetlands and natural resources within the City limits.

The Stormwater Plan marked a significant change in the way the City of Eugene understands, manages, and maintains stormwater runoff. Eugene's response to federal water quality mandates was to integrate flood control and drainage services, water quality treatment, and the protection of natural resources that meld stormwater functions into a comprehensive management approach. The CSWMP makes it policy that stormwater systems will incorporate the beneficial functions (flood control, stormwater conveyance, water quality treatment) of natural resources into the City's storm drainage system. The City has policies to use natural systems, where applicable, to treat and store runoff. The City is to encourage environmentally sound stormwater management practices, and require consideration of steps to improve water quality. These include natural and simple treatment systems for contaminated runoff waters, protecting natural water features and drainage ways to the maximum extent practicable, and using on-site systems, such as infiltration and detention facilities to delay the volume and rate of stormwater runoff.

A key tool in stormwater management in Eugene is a "Stormwater Basin Management Plan." Stormwater Basin Master Plans document stormwater management strategies for each basin. There are seven stormwater basins in Eugene, and at this time six Basin Master Plans have been completed. The only basin in Eugene lacking a final Basin Master Plan is the River Road/Santa Clara area. An "Initial Study Towards the Development of a Stormwater Basin Master Plan" was drafted in 2002. The City of Eugene, in partnership with Lane County, will complete the River Road Santa Clara Basin Plan under a provision of the 2004 Stormwater intergovernmental agreement (IGA).

Lane County is subject to the NPDES "Phase II" rule that covers all small municipal separate stormwater systems located within an urbanized area. Lane County applied for a Phase II Stormwater Permit from the DEQ in March 2004. They expect to be issued their permit by the end of 2004. In light of the Phase II regulations, in May 2004 Lane County and the City of Eugene entered into a new IGA for stormwater services for the Eugene urban growth boundary. Under the 2004 Stormwater IGA, the County is to provide stormwater services in unincorporated areas inside Eugene's UGB. The City of Eugene, in partnership with Lane County, will complete the River Road Santa Clara Basin Plan under a provision of the 2004 Stormwater IGA.

ISSUES AND ANALYTICAL CONCERNS

As discussed above, a key tool for stormwater management in Eugene is the Stormwater Basin Master Plan. These plans lay out comprehensive plans for future stormwater systems changes. Because the River Road/Santa Clara area lacks a final Basin Master Plan, we are unable to describe what a full level of urban service for stormwater management would look like in the area.

Although we do not know what the stormwater plan would look like, we can describe the issues propelling changes in stormwater management. An important policy directive was the 1987 federal Clean Water Act. The CWA raised the bar for water quality in U.S. streams and rivers. The City responded to the CWA with a revised comprehensive stormwater management plan that established the need and policy directives to better manage the storm runoff in Eugene. Since the City created a new stormwater management plan, new federal actions have again raised the bar for water quality. In 1999, the National Marine Fisheries Service listed the upper Willamette River Chinook salmon and the upper Willamette River steelhead as threatened under the federal Endangered Species Act.³ The City of Eugene's stormwater runoff now impacts the habitat of a federally protected species.

With the implementation of NPDES Phase II regulations and the listing of endangered species, DEQ is concerned that more jurisdictions and agencies will turn to injection systems for stormwater disposal not realizing the potential environmental impacts. The Underground Injection control (UIC) regulations, under the Safe Drinking Water Act, are intended to protect groundwater aquifers from contamination. DEQ administers the UIC Program; both Lane County and the City of Eugene subject to these regulations and are in the process of developing respective strategies for addressing them.

The City of Eugene under the NPDES Phase I regulations, and now Lane County urbanized areas, under the NPDES Phase II regulations, must meet the higher standards mandated by the federal government. This is not simple. Urban areas have been shown to contribute large amounts of pesticides and herbicides to the Willamette River. A DEQ study found the five chemicals, typically associated with agricultural activities, had significantly higher concentrations at urban sites than agricultural sites in the Willamette Basin.⁴ The higher concentrations in urban areas are likely caused by homeowners over applying fertilizers, pesticides, and herbicides. Additionally, urban areas throughout the Willamette basin contribute the greatest amount of suspended sediment to the Willamette River on a per-acre basis.⁵

It is likely that a less traditional stormwater system in River Road/Santa Clara would help the City and County attain stormwater runoff goals. A system that allowed the slow infiltration of runoff through soils, instead of rapid delivery from impervious surfaces to drains and to the river, may reduce the pollutants delivered to the Willamette River. The City and County acknowledge that, where it is not cost prohibitive, natural systems may be better than a piped system in some areas.⁶

³ National Marine Fisheries Service (http://www.nmfs.noaa.gov/prot_res/PR3/Fish/fishes.html). Downloaded May 25, 2004.

⁴ Allen, J., A. Salamack, and Page Schoonmaker, Restoring the Willamette Basin: Issues and Challenges. Institute for the Northwest for the U.S. Army Corps of Engineers. 1999. Page 22. The five chemicals were carbaryl, diazinon, dichlobenil, prometon, and tebuthiuron.

⁵ Allen, J., A. Salamack, and Page Schoonmaker, Restoring the Willamette Basin: Issues and Challenges. Institute for the Northwest for the U.S. Army Corps of Engineers. 1999. Page 17

⁶ Personal communication with Kurt Yeiter, Principal Planner, Eugene Planning and Development, June 7, 2004.

An analytical issue regarding our discussion of fiscal impacts is that the Eugene Public Works Department receives all of its funding for stormwater systems from non-General Fund sources. Most of the other services discussed in this report are General Fund services that receive the majority of funding from those monies, such as property taxes, that are not dedicated to specific purposes and can be used for general City services. We focused our analysis on General Fund costs because those costs are most closely tied with property taxes and other revenues that are related to the residents of River Road and Santa Clara.

EXISTING SERVICES AND PROVIDERS

The City of Eugene and Lane County provide stormwater services to residents in River Road and Santa Clara. Stormwater services vary between River Road and Santa Clara, and between annexed and unannexed properties. Even within categories of properties, the level of service varies.

The City of Eugene and Lane County have an IGA to divide operation and maintenance services for roads and drainage. Lane County maintains the stormwater systems associated with the roadways north of Beltline, and the City maintains systems south of Beltline.⁷ The County cleans and maintains the City's infrastructure, and the City does the same for the County. The City conducts a leaf pick-up on the west side of River Road north to Maxwell and on the east side of River Road north to the Beltline.⁸ The County conducts a leaf pick-up program on the west side of River Road north of Maxwell Road and on the east side of River Road north of Beltline Road.

Under the 2004 IGA, the City will administer erosion control regulations inside the urban growth boundary (UGB) and will assist the County in implementing a new Illicit Discharge program. The City and County also plan to partner on stormwater educational and outreach programming.

The stormwater system includes built and natural drainage. The County only provides maintenance associated with roadways due to legal limitations of the Road Fund, which is the source of funds for the maintenance. The City maintains roadside ditches and culverts, enclosed stormwater pipe, catch basins, and wetlands. The runoff ultimately discharges to local natural systems, including streams, rivers, ponds, and wetland. The stormwater system is not connected to the regional Wastewater Treatment Plant—untreated runoff eventually drains to the Willamette River and the Amazon Creek Drainage system.

In the City of Eugene, “stormwater services” include stormwater management program, maintenance of the stormwater drainage system, restoration of wetlands, development regulation, stormwater public education, capital improvement and rehabilitation projects and acquisition of drainage ways and wetlands.

⁷ Beltline Road serves as a general boundary. The actual boundary varies from Beltline Road in some areas.

⁸ Personal communication with Eric Johnson, City of Eugene Public Works Department, May 11, 2004

City residents and businesses pay a monthly stormwater fee, which is the major source of funding for ongoing maintenance and operation of the citywide stormwater system. No monthly stormwater fee is collected from homes or businesses in the unincorporated areas.

In River Road and Santa Clara, the City provides stormwater infrastructure for *annexed* properties. Typically, an annexed property connects to the City's system via the gutter on the street. A structure's drainpipes direct rainfall and other surface water to the gutter, which connects to the subsurface system. There are many annexed properties that do not connect to the City's stormwater system. The current policy of annexation has led to individual properties being part of the City, and surrounding properties are part of the County. It is impractical to provide a stormwater connection for such isolated properties.

In River Road and Santa Clara, *unannexed* properties are not connected to the City's stormwater system. Unannexed properties typically have no gutter on their streets to collect stormwater. Stormwater sheds off the pavement and other impervious surfaces onto adjacent land and either percolates into the ground or ponds on the surface. There are a number of catch basins, especially along recent road improvements, but also in older areas where a drainage system was installed in conjunction with a street improvement. There are also drywells, or stand-alone underground facilities that collect the stormwater before it percolates into the groundwater.

In Santa Clara, newer subdivisions contain curb and gutter stormwater collection systems, which then typically drain into the disconnected open waterway system. Because development in River Road is older than Santa Clara, it has many streets and roads without curbs and gutters, and stormwater drainage is gathered in grassy roadside ditches.

Lane County does not provide as comprehensive drainage services in the unannexed areas. The County only provides road-related stormwater and drainage services. The Lane County Public Works Department reports that the "County regularly receives flooding complaints that have no connection to the County road systems. In these cases, property owners are advised that the flooding is a civil matter between the complainant and the upstream or downstream property owners."⁹

New development in River Road and Santa Clara must meet the City's standards for stormwater drainage systems and pay associated systems development charges (SDCs).

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

Residents in River Road and Santa Clara receive less comprehensive stormwater services than residents in other parts of the City. The patchwork annexation pattern has made it impractical to provide complete service to annexed residents. The lack of

⁹ Memorandum from Ollie Snowden, Lane County Public Works Director, to ECONorthwest, August 31, 2004.

a comprehensive system makes it more likely that runoff collects and pools throughout the area.

The area is the only stormwater basin in the City that lacks a Stormwater Basin Plan. The absence of such a plan inhibits long-term planning of stormwater systems. However, the Public Works Department plans to begin work on a Basin Master Plan and a comprehensive stormwater management strategy is under development now.¹⁰

FISCAL ANALYSIS

CITY OF EUGENE

The General Fund does not pay for the provision of stormwater services in the City of Eugene. Operating and maintenance (O&M) and capital costs are funded by the Stormwater Utility Fund, the Stormwater System Development Charge Fund, and the Special Assessment Capital Fund. We first discuss the City's O&M, and then capital.

OPERATING AND MAINTENANCE

Public Works' operating and maintenance budget for stormwater management for Fiscal Year 2003-2004 is \$8 million and includes \$4.9 million for personnel and \$3.1 million for services and materials.¹¹ The allocation of Central Service costs is a department's share of the City's costs for central business functions. The Stormwater Fund pays for its share of Central Services out of its nondepartmental budget so that administrative and financial costs are reflected in the Stormwater Fund and charged to users of stormwater services. However, that amount is not included in Stormwater's \$8 million operating budget, so to understand total operating and maintenance costs associated with providing stormwater services in Eugene, we must add indirect costs for Central Services to Stormwater's budgeted amount. Stormwater's allocation for Central Services for Fiscal Year 03-04 is \$0.5 million, resulting in total operations and maintenance cost of \$8.5 million.

The Stormwater Utility Fund accounts for operating and maintaining the stormwater system and receives its revenues from monthly stormwater user fees. Stormwater user fees cover all costs for the provision of stormwater services for current users. The City of Eugene uses Stormwater Fees for:

- Repairing and maintaining stormwater lines,
- Street sweeping and collecting debris,
- Cleaning and maintaining catch basins,
- Collecting and recycling leaves in the annual leaf pick-ups,

¹⁰ City of Eugene. *2004 – 2009 Draft Capital Improvement Program*. Page 75.

¹¹ City of Eugene. *Annual Budget – Fiscal Year 2004*. Page C.104.

- Eliminating illegal connections and discharges,
- Public education and volunteer programs,
- Developing plans, projects and standards, and
- Protecting, restoring and maintaining waterways and wetlands.

All properties with water service within the City of Eugene pay stormwater fees. Fees for residential stormwater customers are based on the amount of impervious surface on the property, including the house and garage/carport. Properties with more impervious surface pay a higher stormwater fee. Stormwater user fees also include a street-related component and an administrative charge. Table 10-2 shows the monthly fees for stormwater services.

Table 10-2. Stormwater Monthly Service Charges, City of Eugene, as of July 1, 2004

	Small Residential ¹	Medium Residential ²	Large Residential ³	Commercial/Industrial ⁴
Impervious Surface	\$ 3.71	\$ 5.97	\$ 2.06 per 1,000 sf	\$ 2.06 per 1,000 sf
Street-Related ⁵	\$ 1.02	\$ 1.02	\$ 1.02	\$ 0.72 per 1,000 sf
Administrative (per account)	\$ 0.30	\$ 0.30	\$ 0.95	\$ 0.95
Total Monthly Fee	\$ 5.03	\$ 7.29	varies per square foot	varies per square foot

1. Small Residential Customer: Building footprint is equal to or less than 1,000 square feet.

2. Medium Residential Customer: Building footprint is greater than 1,000 square feet and less than 3,000 square feet.

3. Large Residential Customer: Building footprint is 3,000 square feet or greater.

4. All users other than single-family homes and duplexes are included as Commercial/Industrial.

5. Street-Related Charges are for street sweeping and the collection and recycling of leaves.

Source: City of Eugene, <http://www.ci.eugene.or.us/pw/fees/proposed.htm>.

CAPITAL

Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000. Capital projects are included in a separate Capital Budget. The City of Eugene 2004-2009 Capital Improvement Program includes \$2.6 million in capital projects for stormwater services for FY03-04. Capital expenditures are paid for from three different funds: the Stormwater System Development Charge Fund, the Special Assessment Capital Fund, and the Stormwater Utility Fund.¹² The Capital Improvement Program includes one project in the River Road and Santa Clara area: Beaver Street and Hunsacker Lane Stormwater Improvements. The final River Road.

The Stormwater Utility Fund receives most of its revenues from user fees. The Stormwater System Development Charge Fund receives its revenues from systems development charges (SDCs), paid by developers of new properties. SDCs are

¹² City of Eugene. *Annual Budget – Fiscal Year 2004*. Page E.20.

designed to cover the cost of new stormwater infrastructure for new development. The Special Assessment Capital Fund accounts the special assessments levied against individual properties for public improvements, which primarily benefit that property's owners.

LANE COUNTY

The General Fund does not pay for the provision of stormwater services in Lane County. The County pays for stormwater O&M with the Road Fund, which it receives primarily from the State Highway Trust Fund.¹³ The O&M is therefore limited to work on stormwater infrastructure associated with roads. In Fiscal Year 2003-2004 the County expended \$18,000 in River Road and \$110,000 in Santa Clara on stormwater and drainage maintenance, for total expenditures of \$128,000.¹⁴

IMPACTS OF EXPECTED GROWTH AND CHANGE

CITY OF EUGENE

The City of Eugene addresses stormwater problems on a system-wide basis. Stormwater Basin Master Plans document stormwater management strategies for each basin. Basin plans have been completed for six of Eugene's seven stormwater basins.

In the absence of a final comprehensive stormwater management plan, there is no plan for future infrastructure, so it is not possible to estimate future costs of stormwater service in the River Road and Santa Clara area. We can assume that if the area were annexed, monthly service charges would equal what current residents pay as of July 1, 2004 (see Table 10-2). Calculating costs to property owners to upgrade stormwater connections (gutters, catchbasins, etc.) is outside the scope of this study.

Systems development charges (SDCs) are fees used to fund construction or expansion of public infrastructure necessary to support growth. Under the current annexation policy, any new development must annex to the City of Eugene, and thus pay current SDCs for stormwater:

- A small single-family house (up to 1,000 sq. ft) pays \$266.40.
- A medium single-family house (greater than 1,000 sq. ft and less than 3,000 sq. ft) pays \$429.20.
- Houses larger than 3,000 sq. ft, multi-family buildings, and nonresidential buildings pay \$0.148 per sq. ft. of impervious surface.¹⁵

¹³ For a description of the Road Fund, see Chapter 11 of this report.

¹⁴ Summary of Road Maintenance and Storm Drainage Maintenance Expenditure in River Road/Santa Clara, Lane County Public Works Department, October 7, 2004.

¹⁵ City of Eugene Public Works Department (www.ci.eugene.or.us/PW/SDC/Rates.htm). Downloaded May 28, 2004.

The City of Eugene uses stormwater SDCs to acquire rights-of way and to construct and expand stormwater infrastructure including large diameter pipes, drainage ways, catch basins, and culverts.¹⁶

The Boundary Commission requires that a property receive a minimum level of stormwater services before it will approve annexation to the City of Eugene.¹⁷ The City of Eugene interprets this requirement for existing development to mean that the City is responsible for approving a disposal system for stormwater, which does not have to be connected to the City's stormwater system, but may be a ditch, drywell, pond, creek, river or stormwater system pipe.¹⁸

The issue of connection to the stormwater system is not unique to the River Road/Santa Clara area. Other neighborhoods in Eugene have areas without gutters in the streets or connections to the City's stormwater system.

Because stormwater operations and capital are funded by users, the City's General Fund resources are not negatively impacted by annexation. Annexing individual homes and adding them to the system only marginally affects the drainage system. The property owner would pay for improvements (i.e., connections) to the property, and then monthly service fees cover operations.

LANE COUNTY

Under full annexation, it is likely that the Lane County Public Works Department would no longer be responsible for maintenance of stormwater infrastructure in the River Road/Santa Clara area. However, Lane County does not currently charge a stormwater user fee, therefore under current policy, the County's stormwater-related revenue should not be impacted by increased annexation.

HOW DIFFERENT GROUPS VIEW THE ISSUES

This section briefly summarizes the view that service providers and service recipients have toward the delivery of stormwater services in the River Road and Santa Clara areas.

The Urban Services Committee reported that **citizens of River Road and Santa Clara** are not pleased with the current level of stormwater services. Annexed residents pay a stormwater fee and new development pays the SDC, yet they believe that little maintenance is done. The report indicated that Lane County does not maintain all its waterways. The lack of a comprehensive system leads to poor drainage in many locations.¹⁹

¹⁶ City of Eugene Public Works Department (www.ci.eugene.or.us/pw/sdc/). Downloaded July 21, 2004.

¹⁷ City of Eugene Annexation Information and Forms Packet: River Road/Santa Clara area, <http://www.ci.eugene.or.us/pdd/Planning/Applications/annexation/rrsc.pdf>.

¹⁸ Personal communication with Kurt Yeiter, Principal Planner, Eugene Planning and Development, June 7, 2004.

¹⁹ River Road and Santa Clara Urban Services Committee, *Final Report and Recommendations*, Sept. 2002, pp. 44-45.

The City of Eugene, with support from Lane County, will be working to complete a Stormwater Basin Management Plan for River Road/Santa Clara. Until such a plan is complete, the City and County Public Works Departments will continue to maintain the existing system under the current IGA. All City stormwater activities are funded by user fees, SDCs, and special assessments.

Lane County does not collect stormwater user fees, and currently funds its stormwater operations and maintenance activities with Road Fund monies. The County is constrained by funding levels and legal limitations on the use of the Road Fund.

CONCLUSIONS

In River Road and Santa Clara, the City provides stormwater infrastructure for annexed properties and the County provides and maintains stormwater infrastructure for County roads in unannexed areas. In Santa Clara, newer subdivisions contain curb and gutter stormwater collection systems, which then typically drain into the disconnected open waterway system. Because development in River Road is typically older than in Santa Clara, it has many streets and roads without curbs and gutters, and stormwater drainage is gathered in grassy roadside ditches. The issue of connection to the stormwater system is not unique to the River Road/Santa Clara area. Other neighborhoods in Eugene have areas without gutters in the streets or connections to the City's stormwater system.

Through an IGA, Lane County maintains stormwater systems generally north of Beltline east of River Road and north of Maxwell west of River Road, and the City maintains systems south of Beltline east of River Road and south of Maxwell west of River Road.

The City of Eugene addresses stormwater problems on a stormwater basin basis. At this time, there is no Basin Master Plan for the River Road Santa Clara area, but it is under development.

The Boundary Commission requires that a property receive a minimum level of stormwater services before it will approve annexation to the City of Eugene.²⁰ The City of Eugene interprets this requirement for existing development to mean that the City is responsible for approving a disposal system for stormwater, which does not have to be connected to the City's stormwater system, but may be a ditch, drywell, pond, creek, river or stormwater system pipe.²¹

Operations and capital are funded by users, so the City's resources are not negatively impacted by annexation. Annexing individual homes and adding them to the system only marginally affects the drainage system. The property owner would pay for any required improvements (i.e., connections, gutters, and catchbasins) to the property,

²⁰ City of Eugene Annexation Information and Forms Packet: River Road/Santa Clara area, <http://www.ci.eugene.or.us/pdd/Planning/Applications/annexation/rrsc.pdf>.

²¹ Personal communication with Kurt Yeiter, Principal Planner, Eugene Planning and Development, June 7, 2004.

and then monthly service fees cover operations. It is beyond the scope of this study to determine the average cost for property owners to connect to the stormwater system.

OVERVIEW

Transportation systems include streets, sidewalks, alleys, and bikepaths. The City of Eugene and Lane County have divided up the study area such that every road, annexed or unannexed, in the City's area is serviced by the City and every road, annexed or unannexed, in the County's area is serviced by the County. Table 11-1 lists the providers.

Table 11-1. Service providers in River Road and Santa Clara

	River Road	Santa Clara
Annexed	City of Eugene Lane County	Lane County
Unannexed	City of Eugene Lane County	Lane County

Source: Compiled by ECONorthwest.

The remainder of this section is organized as follows:

- **Understanding the service** describes how transportation services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses revenues collected that are directly connected to delivering transportation services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of transportation services.

UNDERSTANDING THE SERVICE

Transportation services include the maintenance and preservation of existing improved streets, bikepaths and alleys, upgrades and enhancements to existing facilities and new capital facilities. The City of Eugene is not responsible for the public bus systems, and they are not discussed here.

URBAN LEVEL OF SERVICE

The City of Eugene provides the following definitions for unimproved and improved streets:

- An unimproved street has a generally gravel or asphalt mat surface, a substandard road base, and no curbs or gutters, lighting, bicycle facilities, sidewalks, etc.¹
- An improved street has curbs, catch basins, and gutters to manage stormwater, an engineered road base designed for long life, high quality asphalt or concrete paving, sidewalks, street trees, street lighting, and bicycle lanes.²

It is difficult to define a standard for an urban level of service. Although the City defines an improved street as having curbs, gutters and sidewalks, the County does not consider streets without those features to be unimproved. Further, there are streets throughout Eugene that do not meet those criteria.

For the purposes of this report we will use the City's term of unimproved streets to describe those streets without curbs, gutters and sidewalks, or with a substandard road base. The City doesn't repave such unimproved streets. Instead the City only makes repairs to unimproved streets for public safety reasons. The County "intends to preserve the County's investment in all pavements, regardless of whether the streets have curbs and gutters."³

ISSUES AND ANALYTICAL CONCERNS

Most of the services discussed in this report are General Fund services that receive the majority of funding from those monies, such as property taxes, that are not dedicated to specific purposes and can be used for general City services. We focused our analysis on General Fund costs because those costs are most closely tied with property taxes and other revenues that are related to the residents of River Road and Santa Clara. However, the Public Works Department receives the majority of its funding for transportation operation and maintenance from the Road Fund. In order to understand transportation operation and maintenance we discuss the Road Fund, in addition to the General Fund.

The Road Fund accounts for maintenance and operation of the City's roads. It receives primarily intergovernmental monies including State Highway Trust Fund and County/City Road Partnership Agreement payments. The State Highway Trust Fund derives its revenues from the state motor fuel tax of \$0.24 per gallon, state weight-mile taxes for heavy vehicles, and fees for motor vehicle registration, fines

¹ City of Eugene, New Assessment Policy for Improvements to Local Streets, (<http://www.ci.eugene.or.us/PW/assmtpolicy/index.htm#unimproved>).

² City of Eugene, New Assessment Policy for Improvements to Local Streets, (<http://www.ci.eugene.or.us/PW/assmtpolicy/index.htm#unimproved>).

³ Personal communication with Tom Stinchfield, Lane County Public Works Department, October 11, 2004.

and licenses. The State keeps 60% of the revenue, distributes 24% to counties based on each county's proportion of registered vehicles to the statewide total of registered vehicles and distributes 16% to cities based on the ratio of population to the statewide population within cities. The City of Eugene budgeted \$5.6 million from the State Highway Trust Fund for Fiscal Year 2003-2004.

Lane County pays the City of Eugene approximately \$1.2 million annually under the County/City Road Partnership Program (formerly the Urban Transition Program). Under the County/City Road Partnership Program Agreement the County provides funding from County timber receipts for road purposes to cities.⁴ This funding is based on the number of City road miles within the City divided by the total number of City road miles within the County. The funds may only be used for road-related purposes following the same Oregon constitutional guidelines as State Highway Trust Fund revenues. During recent years, the funds have generally been focused on operations and maintenance activities by the City Public Works Department, except for a small portion of the fund that have been used for preservation activity (mainly street overlays) in the City's annual capital improvement budget. The current Lane County Capital Improvements Plan states that the partnership payment must be approved annually and the level of payments are at the discretion of the Board of County Commissioners.⁵

EXISTING SERVICES AND PROVIDERS

In 1984, Eugene, Springfield, and Lane County began to discuss implementation of the Metro Plan. At that time, the concept of Urban Transition was developed to transition land inside the UGB into the cities with a coordinated plan for service provision. As a result the three jurisdictions adopted several intergovernmental agreements with service providers in unincorporated areas.

The City and the County have an intergovernmental agreement (IGA) for street maintenance. The current IGA outlines maintenance issues throughout Eugene and includes the River Road/Santa Clara area. Under the agreement, the County maintains all streets north of Beltline Road and the areas west of River Road and north of Maxwell Road. The City maintains those streets south of Beltline and east of River Road and those streets south of Maxwell Road and west of River Road. The City also maintains River Road from the Chambers overpass to Azalea Drive, including the roadway surface, signs, striping and traffic signals. The agreement states that the City maintains a total of 21.35 miles of County roads and the County maintains a total of 18.96 miles of City roads, however, the totals include some roads outside of the River Road/Santa Clara area.⁶

⁴ The County receives funds from the Federal Government from the sale of timber harvested on National Forest lands in the County. The current legislation covering distribution of timber receipts, the Secure Rural Schools and Community Self Determination Act of 2000, sunsets in 2006.

⁵ Lane County 2004-2008 Capital Improvements Plan.

⁶ Intergovernmental Agreement, City of Eugene/Lane County, p. 12.

The City and County have agreed on maintenance standards regardless of whether services are provided by the City or County. Annexed areas in River Road and Santa Clara are maintained according to the City's standards and unannexed areas in River Road and Santa Clara are maintained to the County's standards. The City and County have defined operational maintenance as any shoulder and surface maintenance, drainage maintenance, roadside vegetation control, bridge and structure maintenance, snow and ice control, maintenance of markings, signing and guard rails, operations and maintenance of traffic signals, and facility permit issuance and compliance. The City's standard for operational maintenance is for improved streets. The City will only provide many services to improved streets, including traffic calming.

Lane County overlaid and rehabilitated many streets in the River Road and Santa Clara areas, including City and County streets, following the installation of the sewer lines in the 1990s. The County reports that because of those efforts, the County has not been as active in the areas recently. Lane County installs street lighting as part of capital improvement projects. However, the County requires that another public entity agree to own, maintain and operate the lights after installation by the County. The River Road and Santa Clara water districts provide for the maintenance, repair, installation, removal and relocation of streetlights through a contract with EWEB.⁷

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

The River Road area has more streets without curbs, gutters and sidewalks. Some isolated annexed properties lack curbs, gutters, and sidewalks, because it is impractical to upgrade the street in front of a single property.

Development in Santa Clara is often newer and has more improvements to streets. It is more common in Santa Clara for unannexed properties to have street improvements than in River Road.

The County rates County road miles on "Average Pavement Condition" on a scale from 0 to 100. Under the rating system, a rating of 70 to 85 is "Good," above 85 is "Very Good," and 100 is "Excellent." The average ratings for County road miles in River Road and Santa Clara are 79 and 83, respectively.⁸ The County's average ratings for River Road and Santa Clara include unimproved streets, but do not include gravel streets.

The City also has a similar rating system for streets. Table 11-2 shows the City's ratings of the average condition of City streets in River Road and Santa Clara. The averages for overall condition of City roads do *not* include ratings for unimproved streets.

⁷ River Road and Santa Clara Urban Services Committee, *Final Report and Recommendations*, Sept. 2002, p. 45-46.

⁸ Summary of Road Maintenance and Storm Drainage Maintenance Expenditure in River Road/Santa Clara, Lane County Public Works Department, October 7, 2004.

Table 11-2. Average condition of City of Eugene streets in River Road and Santa Clara

Type of Road	River Road Average Overall Condition	Santa Clara Average Overall Condition
Major Arterial	73	94
Minor Arterial	81	94
Collector	77	62
Neighborhood Collector	81	93
Local	83	95

Source: Average Condition of City of Eugene Streets in the River Road and Santa Clara Areas, Department of Public Works, City of Eugene.

Although the City and County both rate the condition of their streets on a scale of 100, the ratings for River Road and Santa Clara cannot be compared to each other. The City and County both rate their own streets and use their own criteria. It is also important to note that the County does include some unimproved streets in its averages, while the City does not include any unimproved streets in its averages.

The County and City have agreed to maintain all annexed roads under the IGA according to the City's standards and all County roads under the IGA according to the County's standards. The County provides more maintenance to unimproved streets than the City. The County will overlay pavement on streets that the City would consider to be unimproved. The City will fix potholes on such streets when they become large enough to be a safety issue. The City will only repave such streets if they are upgraded to include gutters, sidewalks, etc. Overall, residents have expressed more satisfaction with the County's transportation services because the City does not provide an equivalent level of maintenance to unimproved streets.

FISCAL ANALYSIS

CITY OF EUGENE

Delivering transportation services has many different cost categories for the Eugene Public Works Department, which can be organized into operating and maintenance (O&M) and capital. We first discuss O&M, and then capital. We were unable to obtain comparable cost information for Lane County.

OPERATING AND MAINTENANCE

Public Works' operating and maintenance budget for Fiscal Year 2003-2004 is \$8.7 million. The City of Eugene funds transportation services with three funds, summarized in Table 11-3. The majority of expenditures for transportation services operating and maintenance budget are paid for by the Road Fund.

Table 11-3. Funds for transportation services operating and maintenance budget, FY 2003-2004

Fund	Total Expenditures	Percent of O&M Budget
General Fund	1,051,614	12.1%
Road Fund	6,986,734	80.3%
Transportation Utility ¹	659,980	7.6%
Total	8,698,328	100.0%

1. In subsequent budget action, the funding provided by the Transportation Utility Fund was reduced to \$100,000 in FY04 and is not expected to be included in future years.

Source: City of Eugene Annual Budget – Fiscal Year 2004.

The General Fund accounts for monies, such as property taxes, that are not dedicated to specific purposes and can be used for general City services.

In this section, we first discuss transportation services funded by the General Fund, and then we discuss transportation services funded by the Road Fund.

General Fund

Public Works' O&M budget has two cost categories within the General Fund:

- O&M includes expenditures for personnel, supplies, equipment and fleet and facilities maintenance.
- Central administrative services are the City's central business functions, such as human resources.

Public Works' General Fund operating and maintenance expenditures for transportation services for Fiscal Year 2003-2004 are about \$1.1 million (see Table 11-3). To show actual operating and maintenance costs associated with providing transportation services in Eugene, some expenditures must be added on to the division's General Fund operating and maintenance expenditures, including indirect costs for Central Services. The allocation of Central Service costs is a department's share of the City's costs for central business functions. The City calculates the allocation for each department to estimate the full cost of providing services by summing the Central Services Department's costs for indirect services and each department's administrative costs. Total administrative costs are then reallocated across departments. The General Fund Central Services cost allocation for Transportation is \$0.1 million.

We have calculated total General Fund costs for transportation services to be \$1.2 million. Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$0.13 per \$1,000 in assessed value for transportation O&M.

Property taxes do not cover all costs for transportation services. To calculate the actual property tax contribution to the provision of services we need to first reduce our calculation for total General Fund costs (\$1.2 million) by the amount of revenue that a particular service contributes to the General Fund. Transportation services contribute \$0.5 million in revenue to the General Fund. Thus, General Fund costs

that are not covered by revenue generated by the transportation services total \$0.7 million. We calculated the property tax contribution to this amount by determining what percent of nondedicated General Fund revenue transportation services costs account for. We then multiplied that portion by the permanent property tax rate of \$7.0058 to determine transportation's portion of the permanent rate. Table 11-4 shows the contribution of property taxes to the transportation services General Fund operating budget.

Table 11-4. Property Tax Contribution to Operating and Maintenance Expenditures, FY 2003-2004

	FY2003-2004 Expenditures (\$)
Transportation's Total O&M Budget	8,698,328
General Fund-Transportation O&M Budget	1,051,614
Transportation Indirect Cost Allocation for Central Services	128,000
Transportation Revenue to the General Fund	(486,416)
Calculated Transportation O&M Costs	693,198
Calculated Portion Covered by Property Taxes	\$0.06

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2004.

In total, City of Eugene property owners are paying property taxes of approximately \$0.06 per \$1,000 in assessed value for transportation services for Fiscal Year 2003-2004.⁹ For a property with an assessed value of \$115,000, an estimated \$7 per year of property taxes would pay for transportation services.

Road Fund and Transportation Utility Fund

The General Fund does not pay for the majority of transportation services. Instead, the Road Fund pays for 80% of the operating budget (see Table 11-3). The Road Fund accounts for most maintenance of the City's roads and receives primarily intergovernmental monies from Lane County and the State of Oregon.

CAPITAL

Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000, such as constructing a new building. Capital projects are included in a separate Capital Budget. The City of Eugene 2004-2009 Capital Improvement Program includes \$7.8 million in capital projects for transportation services for FY03-04. Capital expenditures were to be paid for from the Transportation Utility Fund. However, because the primary revenue source for the fund, the transportation system maintenance fee, was repealed, many of the projects are currently unfunded.

⁹ The City of Eugene realizes a 93% collection rate for property taxes. This means that if the City of Eugene were to levy just for transportation services, it would need to levy at a higher rate than \$0.06 per \$1,000 in assessed value in order to collect \$0.06 per \$1,000 in assessed value. The City would need to actually levy \$0.07.

TOTAL COSTS

In total, the City of Eugene is paying the equivalent of an estimated \$0.13 per \$1,000 in assessed value for General Fund expenditures for transportation services for FY03-04.

Property owners of Eugene are paying an estimated \$0.06 per \$1,000 in assessed value for transportation services for FY03-04.

LANE COUNTY

The General Fund does not pay for the provision of transportation services in Lane County. The County pays for transportation O&M with the Road Fund. In Fiscal Year 2003-2004 the County expended \$132,000 in River Road and \$401,000 in Santa Clara on road maintenance, for total expenditures of \$533,000.¹⁰

IMPACTS OF EXPECTED GROWTH AND CHANGE

If the City annexed more of the River Road/Santa Clara area it would potentially receive increased State Highway Trust Fund revenues, which are partially based on population, and County/City Road Partnership Program revenues, which are based on miles of City streets. The City costs for street maintenance would increase as the City acquired more streets.

Calculating costs to property owners to improve streets (new road beds, sidewalks, etc.) is outside the scope of this study.

Under the current annexation policy, any new development must annex to the City of Eugene, and thus pay current systems development charges (SDCs) for transportation:

- A single-family or two-family house pays \$1,363.66 per dwelling unit multiplied by a trip rate of 1.01, or approximately \$1,377 per home.
- A multifamily development pays \$1,363.66 per dwelling unit multiplied by a trip rate of 0.58, or approximately \$790 per unit.
- A manufactured home park pays \$1,363.66 per space multiplied by a trip rate of 0.58, or approximately \$790 per manufactured home.
- Non-residential developments pay \$1,363.66 per unit multiplied by a trip rate specific to the type of development.¹¹

The Boundary Commission requires that a property receive a minimum level of transportation services before it will approve annexation to the City of Eugene.¹²

¹⁰ Summary of Road Maintenance and Storm Drainage Maintenance Expenditure in River Road/Santa Clara, Lane County Public Works Department, October 7, 2004.

¹¹ City of Eugene Public Works Department (www.ci.eugene.or.us/PW/SDC/Rates.htm). Downloaded May 28, 2004.

The issue of street improvements is not unique to the River Road/Santa Clara area. Other neighborhoods in Eugene have areas without sidewalks, curbs or gutters in the streets.

HOW DIFFERENT GROUPS VIEW THE ISSUES

This section briefly summarizes the view that service providers and service recipients have toward transportation in the River Road and Santa Clara areas.

The Urban Services Committee reported that **residents of River Road and Santa Clara** are not satisfied with the current transportation policies and practices of the City of Eugene. The River Road and Santa Clara Urban Services Committee expressed concerns about funding for maintenance, traffic flow, and signals. Residents appear to be more dissatisfied with the City's policies for connectivity than with maintenance issues. Some residents believe that the streets and other qualities of the area are not compatible with the City's standards for connectivity standards.

The City of Eugene and Lane County have split responsibilities for maintaining roads. The agreement makes provisions of services more efficient, with one service provider focused on one area.

CONCLUSIONS

All residents of annexed areas of River Road and Santa Clara receive transportation services at the City's standards. However, transportation services to some residents of River Road and almost all residents of Santa Clara are actually provided by Lane County. Similarly, some residents of River Road, annexed and unannexed receive transportation services from the City.

Because the City largely funds transportation services with the Road Fund and the Transportation Utility Fund, property owners of Eugene pay an estimated \$0.06 per \$1,000 in assessed value for provision of transportation services through their property taxes. Therefore, City of Eugene property owners pay an estimated \$7 in property taxes for a single-family residence with an assessed value of \$115,000 for an urban level of service.

The Boundary Commission requires that a property receive a minimum level of transportation services before it will approve annexation to the City of Eugene.¹²

The County provides more maintenance to unimproved streets than the City. The County will overlay pavement on streets that the City would consider to be unimproved. The City will fix potholes on such streets when they become large

¹² City of Eugene Annexation Information and Forms Packet: River Road/Santa Clara area, <http://www.ci.eugene.or.us/pdd/Planning/Applications/annexation/rrsc.pdf>.

¹³ City of Eugene Annexation Information and Forms Packet: River Road/Santa Clara area, <http://www.ci.eugene.or.us/pdd/Planning/Applications/annexation/rrsc.pdf>.

enough to be a safety issue. The City will only repave such streets if they are upgraded to include gutters, sidewalks, etc. Overall, residents have expressed more satisfaction with the County's transportation services because the City does not provide an equivalent level of maintenance to unimproved streets.

OVERVIEW

Eugene provides local wastewater collection services and the Metropolitan Wastewater Management Commission (MWMC) funds the operation and administration of the Eugene/Springfield Regional Water Pollution Control Facility. All residents of Eugene receive wastewater services from Eugene and MWMC's Eugene/Springfield Water Pollution Control Facility. Almost all residents of the River Road/Santa Clara area are served by the City of Eugene and MWMC's Eugene/Springfield Water Pollution Control Facility.

The remainder of this section is organized as follows:

- **Understanding the service** describes how wastewater services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses revenues collected that are directly connected to delivering wastewater services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of wastewater services.

UNDERSTANDING THE SERVICE

URBAN LEVEL OF SERVICE

Before 1952, all of the Eugene and Springfield area disposed its untreated wastewater directly into the Willamette River. In the 1950s, both cities constructed separate treatment systems. The Clean Water Act, requiring higher discharge standards and regional management and treatment of wastewater came into effect in 1972. By 1974, studies concluded that neither Eugene's nor Springfield's separate treatment plants could meet federal and state water quality standards or capacity for the region.

Today, the regional wastewater system is a joint project of Lane County and the Cities of Eugene and Springfield and is owned by the MWMC. The City of Springfield provides administrative services and the City of Eugene operates and maintains the regional wastewater facilities. The Eugene/Springfield Regional Water

Pollution Control Facility, which began operation in April 1984, uses an activated sludge process to remove 95 percent of pollutants before treated wastewater is discharged into the Willamette River. Treatment is required to meet discharge permit requirements set by the federal Environmental Protection Agency (EPA) and the Oregon Department of Environmental Quality (DEQ).¹

ISSUES AND ANALYTICAL CONCERNS

Most of the services discussed in this report are General Fund services that receive the majority of funding from those monies, such as property taxes, that are not dedicated to specific purposes and can be used for general City services. We focused our analysis on General Fund costs because those costs are most closely tied with property taxes and other revenues that are related to the residents of River Road and Santa Clara. However, the Wastewater Division receives all of its funding for wastewater operation and maintenance and capital projects from the Wastewater Utility Fund. In order to discuss and understand wastewater operation and maintenance and capital projects we focus on the Wastewater Utility Fund in this chapter.

Wastewater services remain a controversial issue in the River Road/Santa Clara areas. The City of Eugene imposed an urban level of service on the areas in order to bring them into compliance with federal and state standards. In the following section we discuss the history of the implementation of an urban level of wastewater services in River Road and Santa Clara.

EXISTING SERVICES AND PROVIDERS FOR RIVER ROAD AND SANTA CLARA

In the early 1970's, high levels of nitrate-nitrogen and fecal coliform were found in the River Road/Santa Clara area's groundwater.² In response to the groundwater contamination, the Oregon Environmental Quality Commission imposed a building moratorium on the River Road/Santa Clara areas in 1978. A study commissioned by the Oregon Environmental Quality Commission in 1980 found that the number and density of septic systems in the area significantly affected River Road/Santa Clara groundwater. Septic systems were failing and untreated sewage was discharged into the water table, surface water, and the Willamette River. Dye testing conducted by the State showed many wells that had a direct connection to sewage outfall. The Oregon Department of Environmental Quality (DEQ) subsequently declared a "public health hazard" in the area.

The Land Conservation Development Commission (LCDC) required that an area-wide sewage plan be created as part of the Eugene-Springfield Metropolitan Area General Plan approval process.³ This meant that the building permit moratorium

¹ City of Eugene Public Works Department. *Regional Wastewater History and Purpose*, <http://www.ci.eugene.or.us/pw/ww/general/overview.asp#provide>.

² Lane Council of Governments. *River Road – Santa Clara Background Report*, Nov. 2000. p. 7.

³ Lane Council of Governments. *River Road – Santa Clara Background Report*, Nov. 2000. p. 8.

would be applied to the entire metropolitan area if a solution was not found. In addition the DEQ required that an area-wide wastewater plan be approved before the Eugene and Springfield could receive financial support from state and federal grants. The plan had to have an accepted time line for construction and an achievable financial plan.

The wastewater treatment plants for the City of Springfield and the City of Eugene could not meet the federal standards for discharge into the Willamette River and neither plant could handle additional waste for the River Road/Santa Clara area.

A consortium was formed by the two Cities and the County to develop a plan, apply for grants, design a single plant and comply with the federal discharge standards. The subsequent plan, which included the construction of the Eugene/Springfield Regional Water Pollution Control Facility and the decommission of the Springfield plant resulted in LCDC approval for the area-wide general plan and the lifting of the building moratorium.

That plan included the construction of the new treatment plant that cost over \$100 million. A grant from the EPA provided 80% of the financing for the new treatment facility. In 1978, local voters approved the sale of \$29.5 million in bonds to finance the rest of the project. Those bonds were fully paid in September 2002.⁴

In 1983 the Boundary Commission denied a proposal to create a new City of Santa Clara because the plan did not adequately address how wastewater services would be financed, it was not consistent with the Metro Plan, and the analysis on the impacts of the proposed city on existing tax districts was inadequate. The City of Eugene received a \$5.9 million grant from the EPA in 1984 to build a wastewater interceptor system to connect the River Road/Santa Clara areas to the new Regional Water Pollution Control Facility.

All owners of property in River Road/Santa Clara to which the wastewater system was made available were informed of requirements to connect to the system. The policy cited at the time was ORS 224.020 that was interpreted to allow the City to enforce local code provisions (Eugene Code section 6.471) related to requiring connections to the wastewater system. The courts later determined that this statute did not specifically empower the City to enforce connection through its own codes.⁵

Residents were responsible for all hook-up costs in the form of:

- Assessments related to construction of wastewater main lines and service laterals in the public right-of-way to provide connection points at the property line. Each property was assessed for the capital improvements from which the property benefited.
- Costs of constructing a new connection from buildings on private property to the public wastewater connection point. These costs were separate from

⁴ MWMC, <http://www.mwmcpartners.org/AboutMWMC.htm#History>.

⁵ Personal communication with Fred McVey, Engineering Data Services Manager, Public Works Department, City of Eugene, May 20, 2004.

assessments and typically involved work by a private contractor to install a new sewer line from the house to the property line and to abandon the septic tank.

The City imposed assessments through formation of an assessment district. Assessments typically ranged from \$3,500 to \$7,000 per residential property. The City made financing available to property owners for the costs of the assessments. Private costs of constructing new connections to the public connection point and septic tank abandonment typically ranged from \$1,200 to \$2,400 for a single family dwelling.⁶ Total costs for a residential property to connect to the wastewater system ranged from \$4,700 to \$9,400.

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

Residents of the entire study area, Eugene and Springfield receive service from the Eugene/Springfield Regional Water Pollution Control Facility, operated by the City of Eugene. Unannexed residents and annexed residents receive the same service for the same fee. There are approximately 200 developed properties in the River Road/Santa Clara area that are not connected to the wastewater system.

FISCAL ANALYSIS

The General Fund does not pay for the provision of wastewater services in the City of Eugene. Operating and maintenance (O&M) and capital costs are funded by the Wastewater Utility Fund, and the Special Assessment Capital Fund. We first discuss O&M, and then capital.

OPERATING AND MAINTENANCE

Public Works' operating and maintenance budget for wastewater collection and treatment for Fiscal Year 2003-2004 is \$13.7 million and includes \$8.1 million for personnel, \$4.4 million for services and materials and \$1.2 million for capital outlay.⁷ The allocation of Central Service costs is a department's share of the City's costs for central business functions. Wastewater pays for its share of Central Services out of its nondepartmental budget so that administrative and financial costs are reflected in the Wastewater Utility Fund and charged to users of wastewater services. However, that amount is not included in Wastewater's \$13.7 million operating budget, so to understand total operating and maintenance costs associated with providing wastewater services in Eugene, we must add indirect costs for Central Services to Wastewater's budgeted amount. Wastewater's allocation for Central Services for Fiscal Year 03-04 is \$0.8 million, resulting in total operations and maintenance cost of \$14.5 million.

⁶ Personal communication with Fred McVey, Engineering Data Services Manager, Public Works Department, City of Eugene, May 20, 2004.

⁷ City of Eugene Annual Budget – Fiscal Year 2004, p. C.119. Capital outlay is considered part of the O&M budget, and includes the purchase of items that cost less than \$5,000.

All expenditures for the wastewater services operating and maintenance budget are paid for by the Wastewater Utility Fund. The Wastewater Utility Fund accounts for revenues from wastewater user fees and for the operation, construction and maintenance of the wastewater collection and treatment system. The Fund also accounts for the City's operation and management of the regional wastewater treatment facilities under the IGA with MWMC. The administrative costs for the provision of wastewater services are included in the City of Springfield's budget.

Wastewater user fees cover all costs for the provision of wastewater services for current users. The Wastewater Utility Fund does not receive any revenue from the General Fund. The City uses wastewater fees to pay for the collection, conveyance, and treatment of wastewater and manage wastewater construction projects.

Wastewater fees pay for

- Maintaining wastewater lines and pump stations.
- Inspecting and cleaning wastewater lines.
- Treating 12.8 billion gallons of wastewater per year.
- Water quality tests.
- Processing 9 million pounds of biosolids per year.

All properties inside the City of Eugene and in unincorporated areas that are connected to the public wastewater system pay a combined fee that includes:

- A Basic MWMC Charge of \$4.56 per month
- A Flow-Based Fee calculated on the amount of water used and customer category.

The Flow-Based Fee in the summer months (May-November) is based on the previous winter's average monthly use or on the actual water used, whichever is less. Wastewater charges on bills mailed during the winter months (December-April) are based on actual water meter readings.

Table 12-1. Wastewater Flow-Based Fee (per 1,000 gallons), as of July 1, 2004.

	Residential Customers	Commercial/Industrial Customers				
		Low Strength	Medium Strength	High Strength	Very High Strength	Super High Strength
MWMC	\$ 1.123	\$ 1.510	\$ 2.203	\$ 3.127	\$ 4.052	\$ 4.976
City of Eugene	\$ 1.064	\$ 1.064	\$ 1.064	\$ 1.064	\$ 1.064	\$ 1.064
Total	\$ 2.187	\$ 2.574	\$ 3.267	\$ 4.191	\$ 5.116	\$ 6.040

Source: City of Eugene Public Works Department, <http://www.ci.eugene.or.us/pw/fees/proposed.htm>.

Commercial and industrial customers are charged based on the strength of the wastewater, or average total biological oxygen demand and suspended solids in milligrams per liter. Including the basic charge of \$4.56 per month and the

wastewater flow-based fee based on water use, the average fee for a single family residential account is \$14.77 per month.⁸

Wastewater collection and treatment has many different cost and revenue categories, which can be organized into operating and maintenance (O&M) and capital. We first discuss O&M, and then capital.

CAPITAL

Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000, such as constructing a new building. Capital projects are included in a separate Capital Budget. The City of Eugene 2004-2009 Capital Improvement Program includes \$2.7 million in capital projects for wastewater services for FY03-04. Capital expenditures are paid for from the Wastewater Utility Fund.

IMPACTS OF EXPECTED GROWTH AND CHANGE

Under the current annexation policy, any new development must annex to the City of Eugene, and thus pay the current systems development charges (SDCs) for wastewater. There are two components to the SDC for wastewater: a Local SDC and a Regional SDC. The City of Eugene collects both the Local and Regional SDCs and passes the Regional SDC on to the MWMC.

The Local SDC for wastewater is \$297.92 per dwelling unit plus \$0.0722 per square foot for single-family houses, duplexes, manufactured homes and multi-family buildings. The Local wastewater SDC for nonresidential buildings is based on the number of plumbing fixture units and type of development.

The Regional SDC for wastewater is \$947.34 per dwelling unit for single-family houses and duplexes and \$812.01 per dwelling unit for manufactured homes and multi-family buildings. The Regional wastewater SDC for nonresidential buildings is based on the type of development and estimates for usage.⁹

Because operations and capital are funded by users and almost all developed properties in the River Road/Santa Clara area are already connected to the wastewater system, the City's resources are not negatively impacted by annexation. Annexing new developments and adding them to the system only marginally affects the wastewater system. The property owner would pay for improvements (i.e., connections) to the property, and then monthly service fees cover operations. If the City were to annex the entire River Road/Santa Clara area, special assessments would pay for all new connections to the City's wastewater system.

The Eugene/Springfield Regional Water Pollution Control Facility was designed to handle an average daily dry-weather flow of 49 million gallons per day, which is projected to be adequate to treat the combined wastewater flow of Eugene,

⁸ City of Eugene Public Works Department, <http://www.ci.eugene.or.us/pw/fees/>.

⁹ City of Eugene Public Works Department (www.ci.eugene.or.us/PW/SDC/Rates.htm). Downloaded July 16, 2004.

Springfield, and the outlying metropolitan area through the year 2005. The Draft MWMC Facilities Plan, released in April 2004, identifies a preferred alternative to increase capacity of the facility. The recommended alternative would cost an estimated \$144 million for expansion of and enhancements to the facility.¹⁰

The facility already provides an urban level of service to all but 200 households in the River Road/Santa Clara area and new developments are required to connect to the system. Therefore, future annexation of existing developments will have no impact on the provision of wastewater services in the area. We can assume that if the area is annexed, fees will resemble existing fees for City residents. Monthly service charges would equal what current residents pay (see Table 12-1).

HOW DIFFERENT GROUPS VIEW THE ISSUES

Many residents are still angry over how the wastewater system was implemented in the area. Residents had to pay total costs ranging from \$4,700 to \$9,400 for hook-up to a system that was imposed on them through a process that was found to be illegal. Some residents believe the City used the wastewater problems to try to force annexation on the area.

CONCLUSIONS

Almost all residents of Eugene and the River Road/Santa Clara area receive an urban level of wastewater services from the City of Eugene for the same cost.

Complete annexation of River Road and Santa Clara would have no impact on the delivery of wastewater service as the City of Eugene currently collects and treats wastewater from the entire area. User rates would not change due to annexation.

¹⁰ *Draft MWMC Facilities Plan for the Eugene-Springfield Regional Wastewater Treatment Facilities*, April 2004, p. ES-5.

OVERVIEW

The Eugene Water and Electric Board (EWEB) provides water service to Eugene. It is a publicly owned and operated utility. The River Road Water District (RRWD) and Santa Clara Water District (SCWD) contract with EWEB to provide water service to the unincorporated areas of River Road/Santa Clara. Table 13-1 lists the providers.

Table 13-1. Service providers in River Road and Santa Clara.

River Road		Santa Clara
Annexed	EWEB	EWEB
Unannexed	River Road Water District contract with EWEB	Santa Clara Water District contract with EWEB

Source: Compiled by ECONorthwest.

The remainder of this section is organized as follows:

- **Understanding the service** describes how water is typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of water delivery services.

UNDERSTANDING THE SERVICE

URBAN LEVEL OF SERVICE

Federal and state laws regulate drinking water quality. These regulations limit the allowable levels of certain contaminants such as lead, copper, microbes, turbidity, and chlorine. Water provided by EWEB meets or exceeds all federal (as outlined by the Environmental Protection Agency) and state (as outlined by the state Department of Environmental Quality) standards. EWEB draws its water from the McKenzie River, at Hayden Bridge, upstream from most contamination sources.

EWEB states that it draws water from a high quality source and provides an exceptionally high quality product to all of its customers.¹

ISSUES AND ANALYTICAL CONCERNS

Most of the services discussed in this report are General Fund services that receive the majority of funding from those monies, such as property taxes, that are not dedicated to specific purposes and can be used for general City services. We focused our analysis on General Fund costs because those costs are most closely tied with property taxes and other revenues that are related to the residents of River Road and Santa Clara. However, EWEB receives all of its funding for water service through user fees—the fees that customers pay for the delivery of water. The City of Eugene does not set water rates or participate in delivering water to customers. The service is managed entirely by EWEB.

EXISTING SERVICES AND PROVIDERS

EWEB, a Charter-authorized public utility, has a five-member Board of Commissioners, elected by the citizens of Eugene, that sets policies for the management of water, electricity and steam utilities. EWEB has 83,306 customers and operates in a service area of 238 square miles, primarily within the City of Eugene.

EWEB provides water services to Eugene, the RRWD in River Road, and the SCWD in Santa Clara. The RRWD and the SCWD operate under similar intergovernmental agreements (IGA) with EWEB. Each district's IGA with EWEB, covers operation and maintenance of the districts' facilities, including water supply, distribution, storage, maintenance, billing, and administration. The IGAs renew automatically for successive five-year terms.

Both the RRWD and SCWD purchase water from EWEB and sell it to properties in their jurisdiction. The Districts set the rates for water, but EWEB provides billing and administrative duties for the Districts.

The RRWD has operated since 1941. It is located wholly within the UGB, serving developed properties south of Beltline road. Since its formation, the District has purchased surplus water from EWEB at wholesale rates. In 1989, EWEB began providing all other operational and administrative duties for the District.

Formed in 1956, the SCWD serves properties generally north of Beltline Road. Some of the District extends outside the UGB north of Beacon Drive and east toward the Willamette River. Since its formation, SCWD has contracted with EWEB for all operational and maintenance services.²

¹ Eugene Water and Electric Board. "From Source to Tap" (http://www.eweb.org/water/EWEB_WQR.pdf) downloaded on May 21, 2004.

² Lane Council of Governments. *River Road – Santa Clara Background Report*. November 2000. Page 91.

In addition to water services, both the RRWD and the SCWD provide for street lighting in their areas. The RRWD and the SCWD have agreements with EWEB to provide for the installation of, maintenance of, and power provision to the street lighting in their respective districts.³ Additionally, SCWD has an agreement with EPUD for the installation of, maintenance of, and power provision to the street lighting on several streets in northern Santa Clara.⁴ Aside from the contracts EWEB holds with the water districts, EWEB leases the area lights located in Emerald Park to the River Road Parks and Recreation Department.⁵

Both districts have a network of fire hydrants throughout their areas. In the SCWD, the Santa Clara Rural Fire Protection District (Santa Clara RFPD) maintains some fire hydrants under their contract with the SCWD. EWEB maintains the rest of the fire hydrants in the SCWD via their IGA with the SCWD. Under its contract with the SCWD, the Santa Clara RFPD also maintains the street level workings of the fire hydrants in Santa Clara. The SCWD, through its IGA with EWEB, maintains and improves the below ground portions of the fire hydrants in Santa Clara. In the RRWD, the Eugene Fire Department inspects and maintains street level workings of the fire hydrants, and EWEB maintains and improves the belowground portions.

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

Existing water service in River Road and Santa Clara is comparable to the service provided with in the city. Water quality, delivery quality and system quality in River Road and Santa Clara are equal to that provided in the City of Eugene.

In terms of delivery quality, the River Road and Santa Clara areas have slightly better pressure and water age than does the City of Eugene. According to EWEB, the farther north, or the lower in elevation, you go within the city the better the water pressure will be. Thus, River Road and Santa Clara have some of the best water pressure in the city. Water pressure is 100psi at the airport, 90psi in River Road and Santa Clara, 80psi at EWEB and 30-35psi in Eugene's south hills. Delivery quality is also determined by the amount of time the water spends in route to its destination. Water delivered in River Road and Santa Clara spends less time in the pipes on its way to the end user, whereas water going to other parts of Eugene spends considerably longer en route. Water traveling a longer distance requires more chlorine. The shorter transport time and distance for water going to River Road and Santa Clara consumers allows EWEB to add less chlorine to the water, thus River Road and Santa Clara residents receive better tasting, fresher water. These positive benefits of position extend to residents of annexed and unannexed River Road and Santa Clara.⁶

³ Lane Council of Governments. *River Road – Santa Clara Background Report*. November 2000. Page 93.

⁴ Personal Communication with Dick Rice of the SCWD, May 7, 2004

⁵ Lane Council of Governments. *River Road – Santa Clara Background Report*. November 2000. Page 93.

⁶ Personal Communication with Steve Read of EWEB, May 3, 2004.

System maintenance and improvements in unannexed River Road/Santa Clara are funded by the individual water districts and carried out by EWEB through the IGAs EWEB maintains with the water districts. All system improvements in River Road are spurred by maintenance. The RRWD covers the full costs of all maintenance and improvements from its water rates revenues. The SCWD also funds all maintenance and improvements within its jurisdiction from its water rates revenues. The SCWD saves funds for future system improvements and adjusts rates accordingly to finance needed system improvements.

The age and quality of the pipes in River Road and Santa Clara are comparable to the pipes throughout the City of Eugene. Some of the pipes are older than average, and will need maintenance or replacement. But the water delivery system, overall, is not notably different than in the rest of the City.⁷

FISCAL ANALYSIS

The City of Eugene has neither revenues nor expenditures associated with the delivery of water. Water service is wholly provided by EWEB. Property taxes do not fund the delivery of water in EWEB's service area.

The price structure charged to consumers varies depending on location and jurisdiction. Table 13-2 shows residential rate structures of the RRWD, the SCWD and EWEB.

Table 13-2. Water Rates to Consumer by Service Provider

	River Road Water District	Santa Clara Water District	City of Eugene
Base Rate per month	\$5.00 for 5/8" meter \$6.05 for 1" meter \$8.10 for 1 1/2" meter \$14.30 for 2" meter \$26.65 for 3" meter	\$5.13 for all meters	\$6.00 for 5/8" meter \$6.50 for 3/4" meter \$8.30 for 1" meter \$12.80 for 1 1/2" meter \$23.30 for 2" meter \$45.80 for 3" meter
Price per 1,000 gallons (kgal)	\$.95/kgal	\$1.59/kgal	0-8 kgal: \$.869/kgal 9-30 kgal: \$1.175/kgal Over 30 kgal: \$1.889/kgal
Average cost per month*	\$13.55/month	\$19.44/month	\$14.13/month

*The Average cost per month is based on 5/8" pipe service and a 9 kgal/month average consumption. Source: Personal communication with John Yanov, EWEB, personal communication with Dick Rice, SCWD, Your Electric and Water Rates, EWEB's May 2004 Rates.

⁷ Personal Communication with Dick Varner of EWEB, May 21, 2004, Personal Communication with Mike Gerot of the RRWD, April 19, 2004, and Personal Communication with Dick Rice of the SCWD, May 7, 2004.

Table 13-2 shows that a water customer consuming 9,000 gallons of water a month would pay the most in the Santa Clara Water District. Costs to consumers vary based on consumption, but under most consumption rates, SCWD customers pay more for water.

All expenditures for the operating, maintaining, and improving the water delivery system are funded by user fees. System maintenance and improvements in unannexed River Road/Santa Clara are funded by the individual water Districts and carried out by EWEB through the IGAs between EWEB and the water Districts.

IMPACTS OF EXPECTED GROWTH AND CHANGE

The River Road/Santa Clara area is part of EWEB's service area and has been included in EWEB's Water System Master Plan. EWEB is committed to planning and providing water service to all of the River Road/Santa Clara area. EWEB is identified in the Metro Plan as the ultimate water provider within the Eugene portion of the UGB.

Under the current annexation policy, any new development must annex to the City of Eugene. Such properties annexed to Eugene are required to construct water system infrastructure consistent with EWEB standards adequate to serve new development. Property owners must also pay EWEB current systems development charges (SDCs) and installation charges for new development or new connections to the water system, such as the addition of a second living unit to an existing home. SDCs and installation charges for water are based on the size of the water meter:

- A property with a 5/8" meter (most single-family homes) pays an SDC of \$1,860 and an installation charge of \$1,050, for total charges of \$2,910.
- A property with a 3/4" meter pays an SDC of \$2,790 and an installation charge of \$1,100, for total charges of \$3,890.
- A property with a 1" meter pays an SDC of \$4,335 and an installation charge of \$1,200, for total charges of \$5,535.
- Charges for properties with a meter size larger than 1" are estimated based on the size of the development.^{*}

A property owner of existing development that is already connected to EWEB's system does not require SDC or installation charges for annexation. Following annexation of existing development to the City of Eugene, the City withdraws the annexed properties from the Water Districts' jurisdiction in accordance with ORS 222, and EWEB immediately provides services directly. Water service and maintenance to annexed areas becomes the responsibility of EWEB upon the next regular billing date after the annexation becomes effective. After annexation, the streetlights and fire hydrants in the newly annexed area become the property of the

^{*} Personal communication with Chris Bigelow, EWEB Engineering Department, June 8, 2004.

City, and EWEB no longer charges the Districts for service or maintenance of these annexed facilities.

Both the RRWD and SCWD report that they remain financially viable under the current system of annexing individual properties. Most of the properties that annex to the City were previously undeveloped, so the Districts were not generating water rates revenue from them. The SCWD adds a few new customers every year—existing homes decide to no longer rely solely on well water and attach to the water system. The SCWD gains about as many new customers as it loses existing customers to annexation. Both districts use water rates revenue to pay for infrastructure improvements, so they have no need to issue bonds to pay for capital. The tax base for the districts diminishes at a slow and small rate, and the two districts could continue to operate in this manner for the foreseeable future.

HOW DIFFERENT GROUPS VIEW THE ISSUES

This section briefly summarizes the view that service providers and service recipients have toward the delivery of water in the River Road and Santa Clara areas.

The Urban Services Committee reported that **citizens of River Road and Santa Clara** have been generally happy with the provision of water. The Committee's report describes the River Road and Santa Clara water districts as "an extra layer of government in providing water services to area residents," but notes the Districts provide local control and elected representation concerning the delivery of some urban services.⁹

The Committee's report expressed concern that the Districts lacked the financial capacity to pay for major new infrastructure improvements in the water supply system. The report specifically names the planned upgrades on Irvington Road to be a concern. We found this not to be true. The SCWD has been able to pay for the major improvement on Irvington Road with revenues from water rates. The RRWD has always been able to pay for necessary infrastructure improvements with revenues from water rates.

EWEB states that all residents in River Road/Santa Clara receive the same water service, regardless of annexation status.

RRWD reports that the loss of revenue from annexation of areas within its district does not adversely impact its financial stability.

SCWD reports that the loss of revenue from annexation of areas within its district does not adversely impact its financial stability.

⁹ River Road and Santa Clara Urban Services Committee, *Final Report and Recommendations*. September 2002. Page 47.

CONCLUSIONS

All residents of River Road and Santa Clara receive an urban level of water service from EWEB. Water customers inside and outside the City receive the same high quality water. The different customers pay similar rates, but under most consumption scenarios SCWD customers pay more for water.

Both the RRWD and the SCWD expect to remain financial viable under the current annexation pattern. Typically, annexed properties were not developed before annexation, and did not generate much revenue for the Districts.

Complete annexation of River Road and Santa Clara would have no impact on the delivery of water service as EWEB currently provides water to the entire area. User rates would slightly increase for the average water consumer in unincorporated areas of River Road and decline for the average water consumer in unincorporated areas of Santa Clara.

Because EWEB fully manages the delivery of water, the City would not see revenues or costs change specific to water delivery.

Glossary

ADOPTED BUDGET: Financial program that forms the basis for fiscal year appropriations, as adopted by the appropriating governing body (City Council).

APPROPRIATION: A legal authorization to make expenditures and incur obligations for specific purposes. Appropriations are usually limited in amount and time they may be expended. Total appropriations include the adopted budget and any supplemental budgets. The legal appropriation is the amount authorized by Council.

ASSESSED VALUE. Value of property subject to taxation. Under the provisions of Measure 50, assessed value for the 1997-98 tax year was set at 90 percent of the 1995-96 assessed value for each property in the state. The assessed value for each property is then allowed to grow a maximum of 3 percent per year, but cannot exceed the real market value of the property.

ASSESSMENT: Any fee, charge or assessment that does not exceed the actual cost incurred by a unit of government for design, construction and financing of a local improvement such as streets and alley paving, sidewalks and sewers.

BALANCE AVAILABLE: A non-departmental expenditure account consisting of a portion of the fund balance that is set aside for potential requirements within the current fiscal year. Unused funds are carried forward into the Beginning Working Capital for that fund. Any expenditure from the Balance Available account requires a Council resolution or ordinance.

BEGINNING WORKING CAPITAL: Funds carried forward from the current fiscal year into the next budgeted fiscal year that become a resource to support the appropriations for the next budgeted fiscal year.

BOND LEVY. Amount of levies needed to pay principal and interest on district bonded debt.

BOND or BOND ISSUE: A certificate of debt guaranteeing payment of the original investment plus interest on specific dates. Bonds are typically used by governments to pay for large public projects like fire stations.

BORROWING: 1 Funds for major capital improvement projects can be acquired through borrowing, which is repaid either through property taxes or project revenues. Borrowing is a way to match the benefits of a capital project with the users of that project over time. The City of Eugene uses short-term and long term borrowing to create, acquire or renovate capital assets. The City does not borrow on a short-term basis to support on-going operations.

BUDGET DOCUMENT: Written report showing a government's comprehensive financial plan for a specified period (usually one or two fiscal years), including both the capital and operating budgets. In Eugene, the budget document is

prepared by the City Manager and submitted to the public and the Budget Committee for review.

CAPITAL PROJECT FUND: A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities other than those accounted for in specific funds.

CAPITAL IMPROVEMENT PROGRAM: A major budgeting and planning tool through which needed capital projects are identified, evaluated, priced and discussed with the general public and the Budget Committee.

CAPITAL IMPROVEMENT: A term defined in ORS 310.410(19) to include land, structures, facilities, machinery, equipment or furnishings having a useful life longer than one year.

CAPITAL OUTLAY: A departmental expenditure. Includes items that generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings (ORS 294.352(6)). For the City, capital outlay expenditures are reviewed at each fiscal year end for purposes of classifying expenditures as “fixed assets”.

CAPITAL PROJECT: The acquisition, creation or extension of the useful life of a fixed asset that has a life expectancy greater than one year and a monetary value greater than a pre-defined threshold (\$5,000 for Eugene), such as a fire truck or a public building. Repair or renovation of an existing fixed asset, acquisition of equipment or general planning and design activities can also be considered a capital project under certain circumstances.

CENTRAL SERVICE ALLOCATION: A fund’s share of costs of the City’s significant central business functions based on a relevant basis of allocation. Expenditure is incurred by the fund based on its allocated share of General Fund resources for the fiscal year. The CSA is reimbursed to the General Fund via an “Interfund Transfer”.

CHARGES FOR SERVICE: Charges or fees established to recover part or all of the costs incurred in the provision of services by a government; based on the philosophy that the recipient of the benefits should pay for the services. Also called “user fees”.

CONTINGENCY: An account established to meet unanticipated requirements. A Council resolution or ordinance is required to move funds out of the contingency account into another account for expenditure. Considered a non-departmental expenditure for the City.

CURRENT SERVICE LEVEL: Portion of the budget that includes mandated (required by law) services and those services approved by the City Council in prior years.

DEBT SERVICE: The amount of money needed to make periodic payments on the principal and interest on an outstanding debt. Debt service is usually expressed as an annual amount.

DEBT: An obligation resulting from the borrowing of money or from the purchase of goods and services. Debt of governmental units can include such items as general obligation bonds, revenue bonds, short term notes, lines of credit and leases.

DEPARTMENTAL EXPENDITURES: Current operating expenditures consisting of personnel and materials and services. Expenditures are decreases to the City's net financial resources.

DISTRICT TAX RATE. Tax rate expressed in dollars and cents per \$1,000 of assessed value. It is computed by adding together the permanent rate, the local option rate, the gap bond rate, and the bond rate for the district.

ELECTORS: A qualified voter who has the right to vote for the adoption of any measure.

ENTERPRISE FUND: A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. They are usually self supporting. In Eugene, the airport operations are accounted for as an Enterprise Fund, for example.

EXPENDITURES: Expenditures include current departmental expenditures (personnel services, services and materials, capital outlay) and non-departmental expenses (interfund transfers, loans, debt service, contingency, reserves, balance available and unappropriated ending fund balance).

FISCAL YEAR: A 12-month period that determines the time frame for financial reporting, budgeting and accounting. At the end of the fiscal year, the financial position and results of operations are determined. For the City of Eugene, the fiscal year is July 1 to June 30.

FIXED ASSETS: Tangible resources owned or held by an entity that are relatively fixed or permanent and have a monetary value above a pre-determined threshold (\$5,000 for the City of Eugene). Fixed assets include such general categories as land, land improvements, buildings, streets and bridges, storm drains, sewer systems and equipment attached to or purchased in conjunction with the acquisition of a fixed asset.

FTE (Full-time Equivalents): Used to denote the number of person hours necessary to fill a permanent position. A full-time position is 40 hours per week for the entire fiscal year and is designated as 1.0 FTE. A 0.5 FTE may be a half-time position for the entire year or a full-time position to begin or end in the middle of the year.

FUND BALANCE: The difference between a fund's "resources" and its "requirements".

FUND TYPE: There are seven generic governmental fund types: General, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service and Fiduciary (Trust) Funds.

FUND: A fiscal and accounting entity to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives. Each fund is established for the purpose of carrying out specific activities or to attain certain objectives in accordance with legal restrictions or agreements.

GENERAL FUND: General operating fund of the City. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are property taxes, charges for services and intergovernmental revenues. Primary expenditures of the General Fund are made for public safety, parks, recreation and cultural services and general administration.

GENERAL OBLIGATION BOND: A bond that is secured by the pledge of a government's "full faith and credit". General obligation bonds issued by a local government are secured by the government's ad valorem taxing power, which is typically not subject to a constitutional limitation on the tax rate. In Oregon, Measure 5 and Measure 50 define those general obligation bonds that are excluded from the M5 tax rate limits.

IMPACT FEES: Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development (e.g., parks or sidewalks).

INFRASTRUCTURE: Public domain fixed assets such as roads, bridges, streets and sidewalks and similar assets that are immovable and of value only to the government unit.

INTEREST: Cumulative interest and penalties collected in 2001-02 for successive years up to June 30, 2002.

INTERFUND LOANS: Loans made by one fund to another; a "non-departmental" expenditure.

INTERFUND TRANSFER: Amount distributed from one fund to finance activities in another fund. Shown as a non-departmental expenditure in the originating fund and a revenue in the receiving fund.

INTERGOVERNMENTAL REVENUE: The City receives grants from the federal, state and local governments, as well as a share of the state's cigarette and liquor taxes.

INTERNAL SERVICE FUND: A fund used to account for fiscal activities when goods or services are furnished internally to other departments or agencies on a cost reimbursement basis. Charges are made to other departments or agencies to support the fiscal activities. In Eugene, an example is the Stores and Information

Systems and Services Fund, which accounts for items such as data processing, document reproduction, telephones and related services used by all departments.

LEVY-BASED PROPERTY TAX SYSTEM. Tax system in which levies are determined by budget needs (which in many cases must be approved by voters), and tax rates are calculated as levies divided by assessed value. The alternative is usually a rate-based system in which tax rates are set by law or by voters, and levies are calculated as rates times assessed value. Under Measure 50, Oregon's tax system is predominately a rate-based system.

LEVY: Gross amount of property taxes imposed on taxable property. The net amount received by a government will be less than the gross levy as a result of delinquent or uncollectible payments or early payment discounts. Budgets are developed on the basis of the projected amount of property taxes receivable.

LIMITED TAX GENERAL OBLIGATION BOND: A bond that is secured by the pledge of a government's taxing authority that is limited as to the rate or amount.

LOCAL GOVERNMENT: Any city, county, port, school district, public or quasi-public corporation (including a municipal utility or dock commission).

LOCAL IMPROVEMENT: Capital construction project, or part thereof, undertaken by a governmental unit, which provides a special benefit only to specific properties or rectifies a problem caused by specific properties. The costs of the local improvement are assessed against those specific properties upon the completion of the project. The property owner may elect to pay for the assessment plus interest over a period of ten years.

LOCAL OPTION LEVIES. Property tax levies for operating purposes beyond the revenues generated by permanent tax rates. Local option levies must be approved by voters in a general election or an election that has at least 50 percent voter participation.

NON-DEPARTMENTAL EXPENDITURE: Expenditures of a fund including Debt Service, Interfund Transfers, Contingency, Reserves, Balance Available and Unappropriated Ending Fund Balance; are decreases to the City's net financial resources.

NON-GENERAL FUNDS: All funds other than the General (operating) Fund. These include: Special Revenue, Debt Service, Capital Project, Enterprise, Internal Service and Fiduciary (Trust) Funds.

OPERATING BUDGET: Financial plan for paying general operating expenditures. The operating budget includes funding for the City's daily operations, such as labor, materials, services and equipment acquisition, as well as debt service, miscellaneous fiscal transactions and reserve funds needed to provide services to the public.

OPERATIONS AND MAINTENANCE: Includes operating expenses, such as labor, materials, supplies and equipment, plus maintenance expenses for capital infrastructure. Does not include capital improvements, debt service on outstanding borrowing, reserve funds and other miscellaneous financial transactions.

OVERHEAD: Those elements of cost necessary in the production of a good or service that are not directly traceable to the product or service. Usually these costs, such as rent, heat, management and supervision, do not become an integral part of the product or service.

PAY-AS-YOU-GO FINANCING: A term used to describe the financial policy of a government to finance all of its capital costs from current revenues rather than by borrowing. A governmental unit that pays for some improvements from current revenues and for others by borrowing is on a partial or modified pay-as-you-go basis.

PERMANENT TAX RATE: Under Measure 50, each school district, local government and special district was assigned a permanent tax rate limit in FY98. This permanent tax rate applies to property taxes for operations. The City of Eugene's permanent tax rate limit is \$7.0058 per \$1000 of assessed value.

PERSONNEL SERVICES: All operating (departmental) expenditures. Consists of salaries and wages, fringe benefits, social security, retirement, long-term disability and unemployment contributions.

PRINCIPAL: The face amount or par value of a bond issue payable on stated dates of maturity.

PROGRAM: A group of related activities to accomplish a major service or function.

PROPERTY TAX: A tax assessed equally against the assessed value of all taxable property within a government's boundaries.

PROPOSED BUDGET: Financial and operating program prepared by the City Manager and submitted to the public and the Budget Committee for review.

PUBLIC EXEMPTIONS. Property owned by federal, state, or local governments (including counties, cities and towns, and school districts) is generally exempt from property taxation. This includes all public or corporate property used or intended for use for corporate purposes of local governments and all public or municipal corporations in the state. When such property is leased to a private party, the leased portion generally becomes taxable.

REAL MARKET VALUE: The real market value of a property was defined under Measure 50 to be the amount of cash that could reasonably be expected to be paid by an informed buyer to an informed seller, each acting without compulsion in an arm's length transaction occurring as of the assessment date for the tax year.

REAL PROPERTY: Total assessed value of real property, including land, buildings, structures, and improvements. Unless otherwise specified, this value is net of veterans' exemptions applied to real property.

REQUIREMENT: An expenditure or net decrease to a fund's resources, either a departmental, non-departmental or capital expenditure.

RESERVES: Resources earmarked for a specific purpose during a future period; resources can only be used for the purpose for which the reserve is established.

RESOURCE: Estimated beginning funds on hand plus anticipated receipts.

REVENUE BOND: A bond that is payable from the revenue generated from the operation of the facility being financed by the bond, such as a parking facility. A revenue bond can also be secured by any other revenues a jurisdiction decides to pledge.

REVENUES: Monies received or anticipated by the City from either tax or non-tax sources.

SPECIAL ASSESSMENT: Charges imposed against property in a particular locality because that property receives a special benefit by virtue of some public improvement, separate and apart from the general benefit accruing to the public at large. Special assessments must be apportioned according to the value of the benefit received, rather than the cost of the improvement and may not exceed the value of such benefit.

SPECIAL ASSESSMENT BOND: A bond issue payable from the payments on special assessments imposed against properties that have been specially benefited by the construction of public improvements, such as sidewalks or sewer systems.

SPECIAL REVENUE FUNDS: A fund used to account for the proceeds of certain revenue sources that are legally restricted to expenditure for specific purposes. In Eugene, the Road Fund is a Special Revenue Fund that accounts for maintenance and construction of the City's roads with resources provided by the City's share of gas taxes and Lane County Urban Transition Revenues.

SYSTEM DEVELOPMENT CHARGE (SDC): Designed to finance the construction, extension or enlargement of a park street, storm sewer or sewerage or disposal system. SDCs are imposed by a governmental unit as a condition to issuance of any occupancy permit or imposed by a governmental unit at such other time as, by ordinance, it may determine.

TAX LEVY: Total amount of property taxes imposed by a local government unit.

TAX RATE: The tax rate is applied to the assessed value of each property in order to determine a property's total tax bill. Tax rates are stated in dollars per \$1,000 of assessed value.

TAX: Compulsory charges levied by a government for the purpose of raising revenue. Taxes are used to pay for services or improvements provided for the general public benefit.

TAXROLL: The of official list showing the amount of taxes levied against each property. For the City of Eugene, the tax roll is compiled and maintained by the Lane County Department of Assessment and Taxation.

TOTAL LEVY. Total levy submitted by the district, including the local option levy and the levy for bonded indebtedness.

TOTAL TAXES COLLECTED. Taxes collected by the tax collector during the fiscal year ending June 30, 2002. Tax collections are reported separately from interest and penalty collections.

UNAPPROPRIATED ENDING FUND BALANCE (UEFB): An amount set aside during the budget process that is earmarked to remain unspent during the year. UEFB is budgeted in order to ensure positive cash flow during the first few months of the fiscal year, prior to receipt of property taxes. Eugene has a City Council adopted policy to maintain UEFB at two months of operating expenditures (excluding contingency and reserves) in the General Fund.

URBAN RENEWAL DISTRICT: Urban renewal districts attempt to prevent the erosion of property values, as well as increase those values, by stimulating private investment in an urban renewal area. Urban renewal districts are authorized by the Oregon Constitution and state statutes. About 50 urban renewal districts exist in Oregon. They were created to economically improve areas that are blighted, underdeveloped or depressed. Urban renewal projects include land purchase/consolidation, development of utilities and public amenities (for example, streets, water, sewer, lighting, public spaces, parks, etc.).

USER FEES: Charges or fees established to recover part or all of the costs incurred in the provision of services by a government; based on the philosophy that the recipient of the benefits should pay for the services. Also called charges for services. In Eugene, user fees are charged for participation in recreation programs or attendance at a Hult Center event, building plan checks, landing fees at the airport and ambulance usage, among others.

Summary of Urban Development Events

Appendix B

Summary of urban development events in River Road/Santa Clara, 1920 through 2004.

Date	Event	Comments
1920	Population of 770 in River Road/Santa Clara	
1932	Santa Clara Elementary School opens	Oldest public school in RR/SC areas
1941	Formation of River Road Water District	Provides water service, street lighting and fire protection generally south of the Beltline
1943	Formation of Santa Clara Rural Fire Protection District	
1944	Formation of Lane Rural Fire/Rescue	
1954	Formation of River Road Park and Recreation District	
1956	Formation of Santa Clara Water District	Serves customers generally north of the Beltline. Contracts with EWEB for all operational and maintenance services.
1946 -1957	Public Schools opened in RR	All of the existing public schools in RR were open by 1957
1960s	Beltline Road constructed	The Beltline facilitated residential development
1960s	Santa Clara schools open	All of the existing public schools in SC were open by the 1960s
1966	River Road Development Plan	
1969	Santa Clara Community Plan	
1969	Formation of Lane County Local Government Boundary Commission	The Boundary Commission oversees boundary changes in the county.
1970s	Water quality study	The study found high levels of nitrate-nitrogen and fecal coliform, major emissions from subsurface septic tank/drainfield sewage disposal systems.
1972	Lane County and City of Eugene adopt the Eugene-Springfield Metro Area 1990 General Plan	In 1973, the state legislature also adopted the Metro Area 1990 General Plan, which identified the RR/SC area as part of the Eugene-Springfield metro urban area. Concern about congestion, lack of public wastewater treatment, lack of parks, loss of farmland and sprawl led to the development of the Metro Area 1990 General Plan
1972	Moratorium on new subdivisions with septic systems	Lane County imposed the moratorium based on evidence of groundwater contamination.
1973	Proposed Sanitary Sewer District in Santa Clara was denied	The Boundary Commission denied the proposed new Sewer District because financial information was not adequate.
1978	Oregon Environmental Quality Commission imposed a building moratorium on RR/SC area	The Lane County Board of Commissioners requested the moratorium. The Oregon Environmental Quality Commission and the Lane County Board of Commissioners entered into an agreement to develop a groundwater protection and remedial action plan.
1978	Lane County Metropolitan Wastewater Service District formed	The new district was formed in response to the regional 208 Water Quality Master Plan.
1978	Lane County and State trade jurisdiction over Beltline and River Road	Lane County assumed jurisdiction over River Road and State assumed jurisdiction over Beltline.
1979	First Annexation in River Road	As areas were annexed into Eugene, they were included in the Wastewater Service District.
1980	River Road population reaches 10,892, Santa Clara population reaches 14,288	Between 1960 and 1980, 3,515 new units were constructed in Santa Clara.

Date	Event	Comments
1980	Groundwater study released finding that the number and density of septic systems significantly affected RR/SC groundwater	The Oregon Department of Environmental Quality (DEQ) declared a "public health hazard" in the area.
1980	Eugene-Springfield Metropolitan Area General Plan updated	Lane County adopted different version of the plan than the Eugene-Springfield version. A major finding of the plan was that it was more efficient and economical for future growth to occur in RR/SC than to expand UGB.
1980s	Eugene municipal treatment facility expanded	New, regional, metropolitan wastewater treatment on River Ave was designed to accommodate wastewater from the entire region within the urban service boundary.
1981	Land Conservation and Development Commission (LCDC) issues report on Metro Plan	The LCDC report outlined what modifications would be necessary for the Metro Plan to comply, including that Eugene, Springfield and Lane County must adopt a single, consistent plan, include a long-term master sewage plan for the RR/SC area and that Lane County must amend its urbanization plan to be consistent with the Eugene-Springfield version to recognize that wastewater services will be provided exclusively by cities.
1982	Metro Plan adopted locally and recognized by LCDC	
1982	Lane County began improvements to River Road	Improvements included widening the road and adding curbs, a center turn lane, sidewalks, and bike lanes and were completed in the early 1990s. At the same time the Chambers overpass was completed. The improvements provided traffic capacity for increasing traffic volumes.
1982	IGA between Eugene and LRF/R	Agreement that the LRF/R continue to provide fire services to properties withdrawn from the district due to annexation to Eugene. Eugene pays the district in-lieu-of tax payments annually for the services.
1983	IGA between Eugene and SCRFPD	Agreement that the SCRFPD continue to provide fire services to properties withdrawn from the district due to annexation to Eugene. Eugene pays the district in-lieu-of tax payments annually for the services.
1983	Proposal to create the City of Santa Clara was denied by the Boundary Commission	The Boundary Commission denied the proposal because: it did not adequately address how wastewater services would be financed, it was not consistent with the Metro Plan, and the analysis on the impacts of the proposed city on existing tax districts was inadequate.
1984	Eugene awarded grant to build wastewater interceptor system for RR/SC	The \$5.9 million grant from the EPA included a required schedule of hook-ups to the regional wastewater system.
1984	Eugene, Springfield and Lane County began to discuss implementation of Metro Plan	The concept of Urban Transition was developed to transition land inside the UGB into the cities with a coordinated plan for service provision. As a result the jurisdictions adopted several intergovernmental agreements with service providers.
1986	Oregon Court of Appeals ruling discouraged Eugene from using triple majority annexation method	Eugene continued to annex through City Council resolutions without consent of property owners or voters. Several annexations were then overturned by voters. Eugene then amended the Metro Plan to allow existing properties to connect to wastewater services without annexation. All new development was required to annex to Eugene before wastewater system connection.
1987	IGA between Lane County and Eugene for building permits and zoning regulations	Lane County adopted a version of the Eugene Land and Development Code. The City of Eugene administers all land use and building permits for RR/SC area.
1987	River Road-Santa Clara Urban Facilities Plan released	RR/SC area refinement of the Metro Plan, including elements on sewer service, land use, public facilities and services, environmental design and transportation.
1988	RRPRD and Eugene enter into IGA	The agreement included provisions for a dissolution of the RRPRD due to annexation to Eugene. The agreement expired in 1992.
1989	EWEB begins all operational and administrative duties for the RRWD	EWEB had previously provided surplus water to the RRWD at wholesale rates.
1989	River Road/Beltline commercial district	By 1989, the commercial area surrounding the intersection of River

Date	Event	Comments
	completely annexed	Road and the Beltline was almost entirely annexed to Eugene.
1989	1989 Eugene Parks and Recreation Master Plan	RR/SC park land needs included in master plan.
1997	County/City Road Partnership Program Agreement	The agreement provides for the transfer of county roads to Eugene or Springfield upon annexation of an area.
1998	Parks and Open Space Bond Measure approved for Eugene	The 1998 Parks and Open Space Bond Measure includes funding for the acquisition of five neighborhood park sites in Santa Clara and one neighborhood park in River Road. Eugene also applies system development charges of \$922 per unit for all new residential development to be used for acquisition of the park sites.
1999	Wastewater system largely in place	Majority of existing developed properties are connected to the system.
2000	River Road and Santa Clara Urban Services Committees begin meeting	
2002	River Road and Santa Clara Urban Services Committees Final Report and Recommendations released	

Source: Compiled by ECONorthwest, based on Lane Council of Governments. *River Road – Santa Clara Background Report*, Nov. 2000 and River Road and Santa Clara Urban Services Committee, *Final Report and Recommendations*, Sept. 2002.

Property Taxes

A variety of tax-reducing ballot Measures passed since 1990 have changed the way that property taxes are raised in Oregon. Measure 5, passed in 1990, introduced tax rate limits. The 1997 Legislature drafted Measure 50 in response to Measure 47, passed in 1996. Measure 50 corrected a number of technical problems with Measure 47, while replicating its tax cuts. Measure 50 cut taxes, introduced assessed value growth limits, and replaced most tax *levies* (an amount) with permanent tax *rates*.¹

Before Measure 5

Under the old system, the process of calculating and declaring the amount of taxes to be raised from taxpayers was termed “making the levy.” A jurisdiction estimated its budgetary needs, or the “levy”, and the County assessor estimated the real market values of all property in the taxing district. The levy for each taxing district was then divided by the total real market value in the district to arrive at a district tax rate. The taxes imposed by each district equaled the rate multiplied by its real market value. Most levies were constitutionally limited to an annual growth rate of 6%, and levies that increased by more than 6% required voter approval.

The annual growth in taxes on an individual property depended on a number of factors, including new or larger levies and the amount of new construction within a district. If new construction did not occur, and property values did not change, than growth in levies meant taxes increased for individual properties.

Measure 5

Measure 5 introduced limits on the taxes paid by individual properties. It imposed limits of \$5 per \$1,000 real market value for school taxes and \$10 per \$1,000 real market value for general government taxes. These limits apply only to operating taxes, not bonds. When it was fully implemented, Measure 5 cut tax rates an average of 51% from their 1990-91 levels.

Measure 50

Measure 47 was passed by Oregon voters in 1996. It would have rolled back property taxes to 90% of the 1995-96 levels. Measure 50 was written to correct some of Measure 47’s technical problems, and superseded Measure 47. The objective of Measure 50 was to reduce property taxes and to control their future growth. To do so, it made three fundamental changes:

- Switching to permanent property tax rates
- Reducing assessed values

¹ Most of this discussion is based on Appendix B in *Oregon Property Tax Statistics, Fiscal Year 2002-03*, prepared by the Research Section of the Oregon Department of Revenue.

- Limiting annual growth of assessed value.

Under Measure 50, most levies were replaced by permanent tax rates. The permanent rate is fixed, it does not change from year to year. Taxes from the permanent rates, typically referred to as operating taxes, are used to fund the general operating budgets of the taxing districts.

In addition to the permanent rate, taxing districts may impose bond levies and local option levies. Bond levies have remained largely unchanged. They are used to pay principal and interest for bonded debt, typically for capital (infrastructure) improvements. Bond levies typically are approved in terms of dollars, and the rates are calculated as the total levy divided by the assessed value in the district. Local option levies are operating levies that can be passed by local governments to raise revenue beyond the permanent rate amounts. Local option taxes are the only way taxing districts can raise operating revenue beyond the permanent rate amount. Even so, these taxes are the first to be reduced if the Measure 5 limitations are exceeded. Local option levies may be approved either in rate or dollar terms.

Measure 50 requires that bond and local option levies, in elections other than general elections, be approved by a “double majority,” where a majority of voters with at least 50% of all registered voters actually voting.

Measure 50 changed the concepts of “assessed values” and “tax rates”. Assessed value no longer equals real market value. For 1997-98, the assessed value of every property was reduced to 90% of its 1995-96 assessed value. From 1998-99 onward, assessed value growth is limited to 3% per year. For existing property, Measure 50 limited the annual growth in assessed value to 3%. For new properties, assessed value is calculated by multiplying the ratio of assessed to real market value for similar property in the county by that property’s real market value. For example, if the ratio of assessed to real market value for residential property in a given county is 0.8, then the assessed value for a new house would be 80% of its real market value. Measure 50 also stipulates that assessed value may not exceed real market value. If the real market value of a property falls below its assessed value, the taxable value will be set at the real market value. Because growth in value has not been uniform throughout the state, this change had varying impacts. Properties that had experienced the greatest value growth since 1995-96 have received the greatest cuts in assessed value, and consequently in taxes.

The county assessor now computes tax rates for local option levies, bond levies, and urban renewal levies, then adds those rates to the permanent rates, to compute the total rate to be extended to a property. The tax extended to a property is the total tax rate times the assessed value of the property. While property tax rates under Measure 50 are applied to a property’s assessed value, the Measure 5 rate limits apply to real market value. Prior to Measure 50, this distinction was unnecessary because assessed value equaled real market value.

Measure 50 has constrained how much revenue a City can raise through property taxes. It has also controlled how much the assessed value of property in a City can grow. It can only grow 3% per year, regardless of how much real market values have

grown. Although housing prices in Eugene have risen at a much higher rate than 3% annually, the assessed value is constrained to the 3% growth rate.